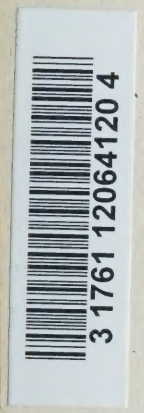

SUBMISSION

TO

THE

ONTARIO

MEDICAL SERVICES

INSURANCE ENQUIRY

PRESENTED

BY

PSI

PHYSICIANS' SERVICES INCORPORATED

TORONTO, ONTARIO

NOVEMBER, 1963

Technical presentation only -
no attempt to recommend policy.

Governors -

Physicians
Businessmen

} no substantive representation.

PHYSICIANS' SERVICES INCORPORATED

PSI

2221 YONGE STREET, TORONTO 7, ONTARIO

HUdson 7-3311

November 25th, 1963.

Dr. J. G. Hagey,
Chairman,
Medical Services Insurance Enquiry,
Toronto, Ontario.

Dear Doctor Hagey:

We are pleased to forward through the Secretary of your Enquiry twenty-five copies of the Submission of this Corporation relating to Bill #163 of the 1962-63 session of the Legislative Assembly of the Province of Ontario.

The following will appear before the Enquiry on behalf of P.S.I.:

Dr. J.O. Lockhart, President, 976 Concession Street, Hamilton
Dr. R. M. Hines, Governor, 90 Randal Street, Oakville
Dr. W. B. Stiver, Medical Director, 26 Alexandra Wood, Toronto
Mr. E. T. Williams, Enrolment Manager, 43 Greenock Ave., Scarborough
Mr. C. A. Bond, Assistant Treasurer, 320 Burnett Ave., Willowdale

The principle spokesman for P.S.I. will be myself, assisted by the others as required and permission granted.

We appreciate the opportunity to appear before you to discuss any of the material in the attached submission.

Yours very truly,

PHYSICIANS' SERVICES INCORPORATED,

J. O. LOCKHART, M.D.,
President.
JOL/jh

This is a Submission presented to
The Medical Services Insurance Enquiry
of the Province of Ontario. It is in
connection with matters related to, and
consonant with, the basic principles,
purposes and objectives of Bill #163
of the 1962-63 session of the Legislative
Assembly of the Province of Ontario
respecting Medical Services Insurance.

SUMMARY

1. In our Submission we have attempted to inform and recommend. It was our feeling that a thorough understanding of the background and "modus operandi" of Physicians' Services Incorporated (P.S.I.) would be of assistance to this enquiry. We, therefore, went to some length in Part I of this Submission to present the history and development of P.S.I. as an example of the public acceptance of a true "service carrier". Indeed, we feel very strongly that a detailed study of this material, including its statistical tables, will be quite helpful in your deliberations.

2. In Part II, we attempt to explain our thoughts on some important principles with the hope of achieving some "meeting of minds" between reader and writer. The principles discussed are important to the Bill under review and wrongly interpreted or applied would not only defeat the purposes of the Bill, but, more important, may ultimately steer us in the wrong direction and cause us to be aimed at the wrong objective.

3. Part III discusses the main objective of the Bill, viz., the benefits available to the public and the exceptions and limitations applicable thereto. In this part of our submission we have made a very serious and definite statement that we sincerely do not believe that it is a practical objective to have two "standard plans".

4. Part IV of our Submission deals with the details of the Articles of Bill #163. It was not our wish or endeavour to rewrite this Bill. We leave that to those better able. However, we did feel that we should recommend that changes be made where we felt that a point or principle was in error or that clarity was lacking.

5. We included in Part V of this Submission three subjects on which we wished to comment but could find no suitable location without disturbing the continuity of our presentation. We, therefore, recommend to you a serious perusal of this Part dealing with "indigents", "service agreements" and "pooling arrangements".

6. Finally, our Submission includes as "Exhibits" the various documents that form the life-blood and regulations of P.S.I. as an organization. We believe you will find these documents, originally developed by a far-sighted committee of the Ontario Medical Association to be unusual, daring and full of leadership, the application of which has been well demonstrated by the growth of P.S.I. It is by far the largest single carrier of medical services insurance in the Province of Ontario.

RECOMMENDATIONS

7. Wherever we felt that it was logical to make firm recommendations we have done so. Among other things we have recommended:-

on page 38, that - Schedule "B" and all reference to it be deleted completely from this Bill as we do not believe that two "standard plans" are proper either in principle or in practice;

on page 39, that - as this Bill is to cover "medical services" the definition of "benefits" and those rendering the benefits be clearly stated;

on page 41, that - because of the unknown weight of election and abuse specific limitations be placed on psychiatric care and well baby care;

PHYSICIANS' SERVICES INCORPORATED

PART I.

THE CORPORATION

1. P.S.I. was incorporated in Ontario in 1947 by Letters Patent under the Companies Act as a non-profit corporation, without share capital, for the purpose of arranging for the provision of medical care on a prepaid basis by legally qualified medical practitioners.

2. The original motivation was from the Ontario Medical Association which, following a report from a "Findings Committee", set up a memorandum of agreement and a provisional Board to seek incorporation.

3. The members of the Corporation are collectively known as the House of Delegates. At the present time, it consists of 125 members. Sixteen are appointed by the Board of Directors of the O.M.A. (Ontario Medical Association). However, the great majority of the House is elected by County Medical Societies and Academies affiliated with the O.M.A. The Board of Governors of P.S.I. may appoint interested laymen to the House.

4. The House of Delegates elects the Board of Governors. By Charter, the Board consists of ten members, not more than three of whom may be persons who are not medical practitioners. The House of Delegates may increase or reduce the number of Governors provided the proportion of lay members is not increased.

5. The Board of Governors, according to the provisions of the Charter, may amend or repeal the provisions of the Charter to regulate the admission of members to the House, the election or appointment of members to the Board, trustees and officers, the time and place of holding of meetings of House and Board, the procedures at and the conduct of such meetings, the appointment of

officers and employees and the control, management and conduct of the affairs of the Corporation.

6. The Board elects from among its medical members a President and a Vice-President and appoints all other corporate officers. The President is Chairman of the Board.

7. The President and three members of the Board with the General Manager comprise the Executive Committee of the Corporation. This Committee is the appellate authority of the Corporation and is empowered to act on behalf of the Board in cases of emergency and on such items as the Board may direct.

8. The charter and regulations (by-laws) of the Corporation are set forth under Exhibit "A".

9. The development of new and complicated medical and surgical procedures augmented by the steady growth of enrolment resulted in the Board recently setting up a Medical Advisory Committee.

10. This Committee is made up of seven physicians representing both general practice and the major specialties. The membership is chosen by the Board of P.S.I. from a panel nominated by the Board of the O.M.A.

11. This Committee reviews unusual accounts and generally assists the Board of Governors in its examination and assessment of the quality of physicians' services to make sure that it is in keeping with that usually taught and practised in the Province of Ontario.

The Agreements with Subscribers for Physicians' Services

12. P.S.I. offers several prepaid plans to the citizens of Ontario. The benefits of these plans are good anywhere in the world provided the services are

rendered by a licensed medical practitioner in the private practice of medicine.

13. The Medical, Surgical and Obstetrical Services Agreement commonly referred to as the "Blue Plan" is offered to groups of 10 or more employees of a common employer on a payroll deduction basis without age limit or exclusion because of medical condition. This plan covers all the services of a licensed medical practitioner relevant to the diagnosis and treatment of disease, in office, home, hospital, or wherever the service is required. It embraces all the preventive items of medical care (including ten well baby visits during the first 5 years of life). As well as services for diagnostic x-rays by certificated radiologists and other physicians in private practice this plan also provides eligible out-patient diagnostic x-ray services by the staff of an approved hospital. The terms and conditions of this agreement are set forth in Exhibit "B".

14. The Surgical, Obstetrical and Medical Care in Hospital Agreement commonly referred to as the "Brown Plan" covers all the services of a licensed medical practitioner rendered to the individual as an admitted hospital patient. It is offered to groups of 5 or more employees on a payroll deduction basis without age limit or exclusion because of medical condition. In addition the following out of hospital services are included - treatment of fractures and dislocations and diagnostic x-ray services. The terms and conditions of this agreement are set forth in Exhibit "C".

15. These plans are portable and may be continued on a pay direct basis by the subscriber. When a subscriber to either of these plans leaves his place of employment for any reason, including retirement, he may make application to carry the plan he has on a basis of paying his subscription rate directly to the Corporation.

16. Should the subscriber die, his spouse and/or listed dependent children may make application to continue the agreement on the pay direct basis.

17. In many cases an employer has made an arrangement with P.S.I. to have a "Pension Group" for his retired employees. This facilitates the employee carrying on his coverage after retirement as part of the arrangement with the employer provided the latter accepts a group billing for his pensioners. Then the retired employee need not be concerned with the P.S.I. "Pay Direct" billing procedure.

18. The so-called "Community Enrolment" is an extension of the group enrolment principle. The procedure is to offer to all citizens (and their dependents) of a community the election to enrol in the P.S.I. Blue Plan (described in 13 above) during a specific period of time regardless of age or condition. If groups can be formed according to regulations, this is done. Otherwise, the subscriber pays his subscription directly to the Corporation in a manner exactly similar to those on Pay Direct outlined in 15 above.

19. The "Non-Group" Agreement is similar to the "Brown Plan" and is offered to all adult citizens, regardless of age or medical condition, who cannot otherwise qualify, by regulation, to become a subscriber to P.S.I. through group enrolment. The terms and conditions of this agreement are set forth in Exhibit "D".

The Agreements with Subscribers for Para-Medical Services

20. Recently P.S.I. offered to those subscribers enrolled in a group of 50 or more employees an Extended Health Benefits Agreement, commonly referred to as the E. H. B. Plan.

21. It was the opinion of the Board of P.S.I. that a plan sponsored by physicians could justifiably include those services which may be ordered or authorized by a physician to assist him in the routine care and rehabilitation of his patients, i.e., nursing services, prescribed drugs and medicines, ambulance services, physiotherapy, prosthetic appliances and similar items.

22. It is agreed that to eliminate large unexpected health costs to the individual, reasonable para-medical services as defined above should be offered.

23. This plan was developed to do this because of the increasing demand from Ontario citizens. While at present it has limitations and maximums, it is hoped that eventually these will be modified. Prudence and experience will be the guide.

24. However, it is very noteworthy that benefits of this plan are portable. The subscriber can keep the same benefits when he leaves his place of employment on a "Pay Direct" arrangement.

25. An employer may make an arrangement with P.S.I. to have a "Pension Group" for his employees on retirement. The retired employee receives the same benefits as a pay direct subscriber.

26. It appears that this is the first time this type of health care has been put on a portable basis. The experiment will be watched with interest. The terms and conditions of both the group and pay direct E.H.B. Plans are set forth in Exhibits "E" and "F".

The Agreements with Physicians

27. Every doctor of medicine duly registered under the Medical Act of Ontario

and practicing in this Province may become a participating physician with P.S.I. by signing the Participating Physician's Agreement.

28. There are two categories of participating physicians, viz., the general physician and the certificated specialist physician.

29. By virtue of the agreements with both subscribers and physicians, the participating general physician is required to accept the Corporation's payment of his accounts as full and final payment for his personal eligible services unless "income limits" apply.

30. Income Limits are currently set at an annual gross income of $7,000.00 for the single subscriber and $10,000.00 gross consolidated income for the family subscriber and his dependents.

31. The participating specialist physician is required to accept the P.S.I. allowances as full and final payment for all his services rendered to subscribers and dependents under the "income limits" except for those services, within the limits of his specialty, which are rendered under "home visits", "subsequent office visits" and "obstetrical services" other than caesarean sections, referred obstetrical consultations and obstetrical procedures arising as a result of referred obstetrical consultations.

32. The basis of compensation on all accounts submitted to P.S.I. is the most recent revised Schedule of Fees of the Ontario Medical Association as approved by the Board of P.S.I. The "Practice in General" Tariff of this Schedule is applied to all accounts from general physicians and also to accounts from specialists for home, subsequent office visits and routine obstetrical services as set forth in 31 above, and all services that are not within the area of the physician's specialty. The Specialist Tariff of

the Schedule is applied to specialist's accounts for services rendered within the limits of his specialty for consultations, initial (unreferred) office visits, diagnostic procedures, major and minor surgery, anaesthesia, radiology, pathology, hospital visits and obstetrical procedures immediately arising from referred obstetrical consultations (see 31 above).

33. Participating physicians have agreed to accept a pro-ration of their allowed fees. At the present time the pro-ration is 90% of the allowed fee based on the current Schedule of Fees of the Ontario Medical Association as described in 32 above. The terms and conditions of the Participating Physicians' Agreement are set forth under Exhibit "G".

34. Pro-ration has been only possible because of the co-operation of the physicians of Ontario. The acceptance of this "underwriting" principle by participating physicians has made it possible for the subscriber to obtain a higher return of his dollar for services rendered and to give him some guarantee of protection against contingencies. It also lessens the requirement of high reserves to overcome such contingencies - the "reserve" actually being vested in the Board's privilege of invoking the underwriting principle of the participating physician's agreement.

The Relationship of Subscribers and Physicians

35. The securing of a physician is the responsibility of the subscriber.

36. The agreements with subscribers and physicians are made for the purpose of bringing together subscribers or dependents and a participating physician. The subscriber, on some reasonable ground, may elect to obtain services from a non-participating physician.

37. On the basis of a test, 96% of accounts for services rendered to

participants in the Province of Ontario came from participating physicians.

38. Under these arrangements the medical care is rendered with all the usual incidences of the relationship of doctor to patient as apply in the private practice of medicine.

39. Every agreement holder of a P.S.I. service plan is supplied with an Identification Card which forms part of his agreement, Exhibit "H". When the subscriber or one of his dependents is attended by a participating physician he must show this card to the physician. The participating general physician must look to P.S.I. for full and final payment of his personal services rendered. Should the attending physician be a participating specialist and rendering services within the limits of his specialty, as set forth in 31 above he may charge the subscriber an amount above that allowed by the plan.

40. When the subscriber chooses to be attended by a non-participating physician his agreement becomes a contract of indemnity and he is responsible to submit accounts and all necessary details to P.S.I. which then pays him directly what it would have paid a participating physician. Approximately 85% of physicians in private practice are participating with P.S.I.

The Role of the Group

41. All prepaid health care is predicated on the "well" taking care of the "sick".

42. In order to obtain a worthwhile cross-section to achieve this aim, P.S.I. has used as its base "employed groups".

43. However, it has always permitted employees who leave the group to continue on a Pay Direct basis in exactly the same plan as that available to the group they have left. When the subscriber becomes a "left employee" P.S.I. forwards a notice advising him of his privileges.

44. This method of obtaining a base has been broadened to permit a "multiple" number of employee groups to enrol as one group where union negotiations or membership in associations can be used as a qualification for eligibility. For examples - the clothing workers, plumbers, brick layers and the dental association.

45. This approach was further extended by using geographical boundaries to obtain the necessary cross-section. In this way, communities such as Orangeville, Markdale, Lindsay, Hanover and Almonte were enrolled. We referred to this enrolment procedure as "Community Enrolment".

46. With this Community Enrolment approach proving reasonably successful, the geographical boundaries were enlarged to include a county with a re-entry annually, i.e., a "group opening", to enrol those citizens who had not enrolled before. To date P.S.I. has had original enrolment periods and group openings where applicable, in the counties of Dufferin, Durham and Northumberland, Grey, Halton, Hastings & Prince Edward, Lennox and Addington, Peterborough and Victoria.

47. It is estimated that P.S.I. has a total enrolment in these counties of about 60%. If we add to this enrolment those citizens covered by the commercial insurance carriers and the Medical Welfare Board, it would appear reasonable to assume that all citizens in these counties have some type of medical services insurance except those who are negligent, willing to gamble or marginal income persons.

48. So far, the group "principle" appears sound and there is no apparent reason why it cannot be extended to cover all citizens.

49. The extension of this approach is assisting the profession's endeavours toward the common goal of universal availability of prepaid physicians' services on a voluntary basis.

Improving and Extending Present Plans

50. It could be argued that our present plans could be improved by eliminating limitations and waiting periods which are now in effect simply by adjusting the subscription rate. However, from a practical standpoint, these limitations and waiting periods may best serve the public by being retained in some form; for example, on original enrolment it would be reasonable to waive all waiting periods (this is frequently done when enrolment is replacing other coverage) but to leave the waiting periods effective towards those individuals who did not voluntarily elect to accept coverage at original enrolment but who, for one reason or another best known to themselves, wish to enrol at a later date.

51. Through "Community Enrolment", P.S.I. has offered to all citizens in certain counties (and will continue to make this offer to citizens in other counties as time goes on) the same broad coverage of home, office and hospital care that is offered to employed groups - the Blue Plan. Under this system, the plan is offered without age limit or consideration of the medical condition of the enrollee.

52. It is the intention of P.S.I. to continue this type of enrolment on a community basis and to eventually include all counties and areas in the Province of Ontario.

53. It is evident during a Community Enrolment that there are certain citizens who wish to enrol in the plan but who cannot afford to do so. It would be gratifying if some method could be devised so that the needy citizen would get financial assistance to enable him to purchase this type of medical services insurance.

54. To give the public some choice, P.S.I. has available a Non-Group Plan for any citizen in the Province who is not employed in a firm eligible for group coverage. This Plan is primarily for "in-hospital" care and has a lower subscription rate than full comprehensive coverage. It, therefore, can be afforded by some of those who cannot afford, or who do not wish to pay for, comprehensive coverage - the type offered in the Community Enrolment programme.

55. It is evident from the above that people with available funds but not in a group through which to obtain group coverage do have an opportunity to obtain coverage - particularly in those counties where Community Enrolment has become effective. As time goes on, the Community Enrolment and comprehensive care will become more universal.

56. However, there is no obvious foreseeable method to enrol or maintain the enrolment of individuals unemployed or becoming unemployed because of lack of work, and who do not have the necessary funds to prepay any medical services insurance. As pointed out in 53 above, it would be gratifying if these needy people could find some financial assistance.

57. The Ontario Medical Association for many years has administered the Medical Welfare Plan for the Provincial Government, through which many citizens, who do not have the available funds, receive physicians' services in home and/or office.

58. We are aware also that industry and labor recognize the problem of temporary unemployment and some large employers have recently taken steps to alleviate the condition by various arrangements to cover "shut downs".

59. P.S.I., since its inception, has been sincerely concerned with the group of people who, for one reason or another, have been separated from employment - it made its first attempt to help these people by permitting the subscriber to transfer his agreement to a Pay Direct basis when he left the enrolled group.

60. Considering that the great majority of the work force is employed in groups of ten or more and considering the wide scope that the principle of "Community Enrolment" could attain and considering further the facility of the Non-Group Plan, it is quite conceivable that coverage by voluntary agencies, including P.S.I., could eventually be made available to any individual who could afford to pay for it - regardless of age or condition.

The Statistics of the Corporation

definitions

61. Like many other business activities, it has been difficult to develop a common terminology which is defined and applied the same way by all the prepaid, non-profit physician sponsored plans. The definitions are important to properly understand the statistical data.

Subscriber - the agreement holder, the employee, the person who signed the application.

Participant - is any person covered by an agreement - the subscriber, spouse and dependents.

Comprehensive Coverage - means covering all the services usually rendered by a licensed medical practitioner.

Service Plan - a plan which recognizes the rendering of a service and that the receipt of the service by a participant fulfills the obligation of the plan to the subscriber in the great majority of cases - (as opposed to the idea of having to pay the policyholder a certain sum of money should such an act or service take place under certain conditions).

Non-Profit - a term applied to a prepaid health plan which has been organized without share capital, which does not pay commissions and which does not have "profit" as one of its objectives.

Para-Medical Services - those services which are not the personal services of a physician but which may be ordered or authorized by him to assist in the routine care and rehabilitation of his patient - such as the services of a nurse, a physiotherapist, a dentist and a pharmacist.

Allowed Fees - may be referred to as "allowed amounts" or "allowed basis", is the amount allowed on the accounts rendered and is based on the most recently revised fee schedule of the Ontario Medical Association and as approved by the Board of P.S.I.

Paid Fees - may be referred to as "paid amounts", "cash amounts", or "cash basis", is the amount of actual cash paid to the participating physician (or subscriber re non-participating physician) after the application of the underwriting principle - pro-rating - has been applied to his accounts. At present pro-rating is at 90% of allowed amounts.

the Corporation as a whole

62. The Corporation's over-all growth is shown in Table I, page 18. This is total enrolment, all plans.

63. Table II, page 19, shows the total enrolment through groups and Table III, page 20, shows the enrolment in the Blue and Brown Plans of those persons who transferred from groups to Pay Direct and those who enrolled through Community Enrolment.

64. Table IV, page 21, is a summary of financial statistics from the balance sheets since the start of the Corporation. Note the first line of data which is an accumulation of the first three years of operation. Expenditure on physicians' services was relatively low and administration costs were relatively high. Subscription income over total expenditures was quite high leaving a substantial reserve which earned some investment income. In 1951 the data settled down to what may be considered normal level. Over the past 10 years, there has been a gradual improvement in all aspects of the picture - expenditures for physicians' services have gone up and administration costs have gone down. It is worthy of note that over the life of P.S.I. it has returned 92.7% of the subscription dollar to subscribers in the form of medical services.

65. Table V, page 22, sets forth the percentage of population of Ontario enrolled in P.S.I. by plan and in total.

66. Table VI, page 23, shows the continuous increase of participating physicians over the years. Although it is not possible to ascertain definitely the number of physicians in private practice in Ontario, the estimated basis would set P.S.I.'s participating physicians at about 85% of physicians in private practice.

the "Blue Plan"

67. Table VII, page 24, shows total enrolment in the "Blue Plan" and distribution of agreements by marital status.

68. Tables VIII and IX, pages 25 and 26 respectively, show enrolment in the "Blue Plan" groups and Pay Direct respectively.

69. Table X, page 27, is a summary of the cash amounts paid on the "Blue Plan" and of the allowed amounts set up on which the cash payments were made.

70. Table XI, page 28, is a summary of the P.S.I. subscription rates for the "Blue Plan" by method of payment. Also set forth is the percentage increase from the previous period. Note that P.S.I. uses a three rate structure. The third or family rate does not fluctuate with the number of participants in the family.

the "Brown Plan"

71. Table XII, page 29 shows total enrolment in the "Brown Plan" and distribution of agreements by marital status.

72. Table XIII, page 30 is a summary of Subscription Income and amounts Allowed and Paid.

73. Table XIV, page 31, is a summary of the subscription rates for "Brown Plan" by method of payment. Also shown is the percentage increase from the previous period.

the "Non-Group" Plan

74. The first subscribers to the Non-Group Plan were effective on May 15th, 1958. At June 30th, 1963 there were 11,018 subscribers, 14,282 dependents for a total of 25,300 participants effective on the Plan.

75. Table XV, page 32, shows the subscription rate structure for the "Non-Group" Plan. The original multiple rate structure was replaced January 1, 1963

with a three rate structure which lightened the subscription cost to the large family subscriber.

Community Enrolment

76. Table XVI, page 33 sets forth what may be expected as an age distribution relative to Community Enrolment in this province. The age group of 65 and over accounts for 25.64% of the total and reaches well into the 90's. It also shows the distribution of agreements by marital status. This peculiar distribution appears to be the result of citizens, members of a family, signing up as individual subscribers because the subscription rate structure lends itself to this kind of manipulation.

Indian Bands

77. In 1959, P.S.I. agreed to enrol 3 or 4 Indian Bands for the Department of Indian Affairs. No statistics have been kept on the age and sex classification of this enrolment. These bands were enrolled as groups and there is no age limit applicable to any group enrolment. It may not be wise to assume that this enrolment will prove to be of the same general classification as Community Enrolment. At August 31st, 1963, there were 1,139 subscribers, 3,310 participants, in the four Indian Bands enrolled. Relations with the Department of Indian Affairs appear to be satisfactory and P.S.I. is prepared to enroll more of these Bands.

the age group of 65 and over

78. Table XVII, page 34 , shows the number of persons in the age group of 65 and over presently enrolled in P.S.I. Percentages are shown relative to plan and class, whether group or Pay Direct. Note that the P.S.I. percentage

of 65 and over population in the Blue Plan Pay Direct is 10.5% and in the Brown Plan Pay Direct it is 11.13%. These percentages are higher than the provincial percentage of 8.2% for the 65 year and over population.

79. The total 65 and over population presently enrolled in P.S.I. represents 13.21% of the total 65 and over population of this Province.

PHYSICIANS' SERVICES INCORPORATED

TABLE I

TOTAL ENROLMENT

ALL PLANS

(GROUPS, PAY DIRECT, NON GROUP & COMMUNITY ENROLMENT)

Year Ending Dec. 31st.	Subscribers	Dependents	Total Participants	% Chg. From Prev. Year
1948	10,212	11,051	21,263	
1949	20,767	21,243	42,010	97.57
1950	47,982	61,859	109,841	161.46
1951	95,371	122,776	218,147	98.60
1952	138,945	181,123	320,068	46.72
1953	166,943	224,041	390,984	22.16
1954	188,891	283,636	472,527	20.86
1955	231,412	354,055	585,467	23.90
1956	267,157	421,738	688,895	17.67
1957	292,648	462,864	755,512	9.67
1958	322,407	538,836	861,243	13.99
1959	472,615	771,477	1,244,092	44.45
1960	459,792	795,293	1,255,085	.89
1961	520,965	896,521	1,417,486	12.94
1962	602,451	1,043,322	1,645,773	16.11
1963 Ending June 30	633,919	1,093,663	1,727,582	4.97

PHYSICIANS' SERVICES INCORPORATED

TABLE II

GROUP ENROLMENT

ALL PLANS

Year Ending Dec. 31st.	Subscribers	Dependents	Total Participants	% Chg. From Prev. Year
1948	10,001	10,858	20,859	
1949	19,521	20,205	39,726	90.45
1950	45,731	60,154	105,885	166.54
1951	89,333	117,879	207,212	95.70
1952	128,192	172,273	300,465	45.00
1953	149,275	207,928	357,203	18.88
1954	170,852	263,869	434,721	21.70
1955	208,489	328,719	537,208	23.58
1956	237,602	388,041	625,643	16.46
1957	253,265	415,450	668,715	6.88
1958	275,565	480,784	756,349	13.10
1959	405,307	683,514	1,088,821	43.96
1960	378,239	685,386	1,063,625	-2.31
1961	421,949	764,737	1,186,686	11.57
1962	485,872	899,788	1,385,660	16.77
1963 Ending June 30	502,592	940,200	1,442,792	4.12

PHYSICIANS' SERVICES INCORPORATED

TABLE III

PAY DIRECT ENROLMENT

BLUE AND BROWN PLANS (INCL. COMMUNITY ENROLMENT)

Year Ending Dec. 31st.	Subscribers	Dependents	Total Participants	% Chg. From Prev. Year
1948	211	193	404	
1949	1,246	1,038	2,284	465.35
1950	2,251	1,705	3,956	73.20
1951	6,038	4,897	10,935	176.41
1952	10,753	8,850	19,603	79.27
1953	17,668	16,113	33,781	72.33
1954	18,039	19,767	37,806	11.91
1955	22,923	25,336	48,259	27.65
1956	29,555	33,697	63,252	31.07
1957	39,383	47,414	86,797	37.22
1958	45,174	55,655	100,829	16.17
1959	64,044	82,944	146,988	45.78
1960	76,246	101,601	177,847	20.99
1961	91,309	120,333	211,642	19.00
1962	106,852	130,058	236,910	11.94
1963 Ending June 30	120,309	139,181	259,490	9.53

PHYSICIANS' SERVICES INCORPORATED

TABLE IV

SUMMARY OF FINANCIAL STATISTICS (EXCL. E.H.B.)
(Balance Sheet Data)
1951-1962 inclusive
Fwd.-1948-1950 accumulation

Year	Subscription Income	Expenditure for Physicians' Services Rendered (Cash Basis)	% of Subsc. Income	Expenditure for Administration & Operation	% of Subsc. Income	Subscription Income Over/Under Expenditure	% of Subsc. Income	Investment Income	Adjustment of Investments to Lower of Market or Book Values	General Reserves (Accumulative)	Yr.
Fwd.	$ 1,765,190.54	$ 1,298,070.95	73.54%	$ 211,137.20	11.96%	$ 255,982.39	14.50%	$ 8,292.46	$ 19,108.99	$ 283,383.84	Fwd.
1951	2,966,723.44	2,450,330.21	82.59	272,271.98	9.18	244,121.25	8.23	12,874.54	-53,500.00	486,879.63	1951
1952	4,596,991.56	3,850,380.31	83.76	415,962.53	9.05	330,648.72	7.19	24,467.12	-3,957.00	838,038.47	1952
1953	6,760,713.09	5,657,285.71	83.68	570,850.68	8.44	532,576.70	7.88	46,759.84	5,950.00	1,423,325.01	1953
1954	8,464,717.35	7,849,702.46	92.73	733,703.06	8.67	-118,688.17	-1.40	101,228.53	31,487.36	1,437,352.73	1954
1955	10,378,594.15	9,798,986.53	94.41	912,355.26	8.79	-332,747.64	-3.20	130,803.23	-63,118.75	1,172,289.57	1955
1956	14,621,149.73	12,627,713.00	86.37	1,104,336.14	7.55	889,100.59	6.08	167,656.91	-162,437.50	2,066,609.57	1956
1957	16,661,302.93	15,227,664.01	91.39	1,322,392.64	7.94	111,246.28	.67	263,614.29	101,752.98	2,543,223.12	1957
1958	18,381,800.20	17,540,456.17	95.42	1,545,658.37	8.41	-704,314.34	-3.83	280,998.10	-135,850.00	1,984,056.88	1958
1959	28,795,070.60	25,079,414.14	87.10	2,078,239.23	7.22	1,637,417.23	5.68	406,789.43	-293,270.50	3,734,993.04	1959
1960	31,906,605.71	28,229,704.00	88.48	2,129,238.00	6.67	1,547,663.71	4.85	619,456.00	114,148.00	6,016,260.75	1960
1961	34,314,627.38	31,423,407.51	91.57	2,182,370.58	6.36	708,849.29	2.07	617,018.03	143,995.00	7,486,123.07	1961
1962	39,813,298.00	42,309,647.00	106.27	2,444,100.00	6.14	-4,940,449.00	-12.41	721,920.00	-23,299.00	3,287,291.00	1962
Accumulation	$219,426,785.00	$203,342,762.00	92.67%	$15,922,616.00	7.26%	$161,407.00	.07%	$3,401,878.00	$-318,990.00	$3,287,291.00	Accumulation

PHYSICIANS' SERVICES INCORPORATED

TABLE V

ENROLMENT

as a

PERCENTAGE OF TOTAL POPULATION, PROVINCE OF ONTARIO

Year	Population of Ontario (a)	Blue Plan Participants	% of Population	Brown Plan & Non-Group Plan Participants	% of Population	Total Enrolment All Plans	% of Population
1951	4,598,000	170,757	3.71	47,390	1.03	218,147	4.74
1952	4,788,000	249,846	5.22	70,222	1.46	320,068	6.68
1953	4,941,000	313,321	6.34	77,663	1.57	390,984	7.91
1954	5,115,000	397,979	7.78	74,548	1.46	472,527	9.24
1955	5,266,000	505,094	9.59	80,373	1.53	585,467	11.12
1956	5,405,000	598,896	11.08	89,999	1.67	688,895	12.75
1957	5,622,000	670,309	11.92	85,203	1.52	755,512	13.44
1958	5,803,000	758,613	13.07	102,630	1.77	861,243	14.84
1959	5,952,000	890,920	14.97	353,172	5.93	1,244,092	20.90
1960	6,089,000	938,505	15.41	316,580	5.20	1,255,085	20.61
1961	6,210,000(b)	1,105,151	17.79	312,335	5.03	1,417,486	22.82
1962	6,342,000(c)	1,364,441	21.51	281,332	4.44	1,645,773	25.95
1963 Ending June 30	6,342,000(c)	1,456,010	22.96	271,572	4.28	1,727,582	27.24

(a) Source: 1951-60 incl. Census Division, Dominion Bureau of Statistics

(b) Source: Ontario Department of Economics population estimate as at June, 1961.

(c) Source: Census Division, Dominion Bureau of Statistics as at June, 1962.

PHYSICIANS' SERVICES INCORPORATED

TABLE VI

PARTICIPATING PHYSICIANS

Year Ending December 31	Number of Participating Physicians	% Increase Over Previous Year	% Increase from 1948
		%	%
1948	2,400	-	-
1949	2,980	24.17	24.17
1950	2,993	.44	24.71
1951	3,216	7.45	34.00
1952	3,650	13.49	52.08
1953	4,015	10.00	67.29
1954	4,163	3.69	73.46
1955	4,395	5.57	83.13
1956	4,697	6.87	95.71
1957	4,797	2.13	99.88
1958	4,964	3.48	106.83
1959	5,203	3.81	116.79
1960	5,471	5.15	127.96
1961	5,723	4.61	138.46
1962	5,796	1.28	141.50
1963 Ending June 30	5,838	.73	143.25

9,100

PHYSICIANS' SERVICES INCORPORATED

TABLE VII

ENROLMENT

MEDICAL, SURGICAL AND OBSTETRICAL SERVICES AGREEMENT

BLUE PLAN

GROUPS, PAY DIRECT AND COMMUNITY ENROLMENT

Year Ending Dec. 31	Subscribers	Dependents	Total Participants	% Change from Prev. Year
1948	8,845	9,844	18,689	
1949	18,858	19,482	38,340	105.15
1950	45,009	58,369	103,378	169.63
1951	72,705	98,052	170,757	65.18
1952	106,377	143,469	249,846	46.32
1953	131,120	182,201	313,321	25.41
1954	155,387	242,592	397,979	27.02
1955	195,580	309,514	505,094	26.91
1956	228,000	370,896	598,896	18.57
1957	254,591	415,718	670,309	11.92
1958	278,956	479,657	758,613	13.17
1959	319,433	571,487	890,920	17.44
1960	323,318	615,187	938,505	5.34
1961	395,514	709,637	1,105,151	17.75
1962	489,007	875,434	1,364,441	23.46
1963 Ending June 30	525,045	930,965	1,456,010	6.71

Agreement Distribution

	No.	%
Subscriber	157,566	30.01
Subscriber and 1 Dependent	117,768	22.43
Subsc. & more than 1 Dep.	249,711	47.56

PHYSICIANS' SERVICES INCORPORATED

TABLE VIII

ENROLMENT

MEDICAL, SURGICAL AND OBSTETRICAL SERVICES AGREEMENT

BLUE PLAN

GROUPS

Year Ending Dec. 31	Subscribers	Dependents	Participants	% Change from Previous Year
1948	8,678	9,695	18,373	
1949	17,738	18,553	36,291	97.52
1950	42,994	56,838	99,832	175.09
1951	67,601	93,915	161,516	61.79
1952	97,990	136,572	234,562	45.23
1953	117,354	169,535	286,889	22.31
1954	140,889	226,473	367,362	28.05
1955	176,701	288,486	465,187	26.63
1956	203,279	342,427	545,706	17.31
1957	221,163	374,794	595,957	9.21
1958	240,136	431,231	671,367	12.65
1959	279,330	518,126	797,456	18.78
1960	282,172	538,010	820,182	2.85
1961	333,011	626,387	959,398	16.97
1962	411,184	782,128	1,193,312	24.38
1963 Ending June 30	433,873	827,714	1,261,587	5.72

PHYSICIANS' SERVICES INCORPORATED

TABLE IX

ENROLMENT

MEDICAL, SURGICAL AND OBSTETRICAL SERVICES AGREEMENT

BLUE PIAN

PAY DIRECT AND COMMUNITY ENROLMENT

Year Ending Dec. 31	Subscribers	Dependents	Participants	% Change from Previous Year
1948	167	149	316	
1949	1,120	929	2,049	548.42
1950	2,015	1,531	3,546	73.06
1951	5,104	4,137	9,241	160.60
1952	8,387	6,897	15,284	65.39
1953	13,766	12,666	26,432	72.94
1954	14,498	16,119	30,617	15.83
1955	18,879	21,028	39,907	30.34
1956	24,721	28,469	53,190	33.28
1957	33,428	40,924	74,352	39.79
1958	38,820	48,426	87,246	17.34
1959	40,103	53,361	93,464	7.13
1960	50,146	68,177	118,323	26.60
1961	62,503	83,250	145,753	23.18
1962	77,823	93,306	171,129	17.41
1963 Ending June 30	91,172	103,251	194,423	13.61

PHYSICIANS' SERVICES INCORPORATED

TABLE X

SUMMARY OF FINANCIAL STATISTICS

1948-1962 (inclusive)

MEDICAL, SURGICAL AND OBSTETRICAL SERVICES AGREEMENT

BLUE PLAN

GROUPS, PAY DIRECT AND COMMUNITY ENROLMENT

Year	Subscription Income	Expenditure for Physicians' Services (Paid Basis)	% of Subsc. Income	Expenditure for Physicians' Services (Allowed Basis)
1948	$ 121,727.05	$ 66,196.12	54.38%	$ 73,551.17
1949	506,540.30	336,852.99	66.50	374,281.10
1950	1,059,246.08	775,551.10	73.22	861,723.45
1951	2,656,137.25	2,151,132.38	80.99	2,390,147.09
1952	3,970,163.70	3,367,518.96	84.82	3,741,687.73
1953	5,989,801.56	5,002,870.21	83.52	5,558,744.68
1954	7,640,373.40	6,911,503.58	90.46	7,679,448.43
1955	9,537,082.22	9,030,995.57	94.69	10,034,439.52
1956	13,624,013.66	11,629,872.08	85.36	12,922,080.09
1957	15,621,144.48	14,294,335.65	91.51	15,882,595.16
1958	17,289,364.38	16,614,346.66	96.10	18,460,385.18
1959	23,853,106.28	20,686,667.47	86.73	22,985,186.08
1960	27,347,530.82	24,395,603.84	89.21	27,106,226.49
1961	30,111,388.05	27,928,734.28	92.75	31,031,926.98
1962	35,828,984.00	38,448,433.00	107.31	42,720,481.00
1948-1962 Accumulation	$195,156,603.00	$181,640,614.00	93.07%	$201,822,904.00

PHYSICIANS' SERVICES INCORPORATED

TABLE XI

MEDICAL, SURGICAL AND OBSTETRICAL SERVICES AGREEMENT

BLUE PLAN

SUBSCRIPTION RATE SCHEDULE SUMMARY

Period Effective and Type of Contract	Monthly Group Rates $	Quarterly Community Enrolment & Pay Direct Rates $	% Increase from Previous Period Monthly Group Rates	% Increase from Previous Period Quarterly Pay Direct Rates
I. Jan. 1, 1948-Aug. 31, 1951				
(a) Subscriber	1.50	5.25		
(b) Subscriber and 1 Dependent	3.50	12.00		
(c) Subsc. and more than 1 Dep.	5.00	17.25		
II. Sept. 1, 1951-Dec. 31, 1955				
(a) Subscriber	1.85	6.30	23.33%	20.00%
(b) Subscriber and 1 Dependent	4.25	14.25	21.43	18.75
(c) Subsc. and more than 1 Dep.	6.25	21.00	25.00	21.74
III. Jan. 1, 1956-Feb. 28, 1959				
(a) Subscriber	2.20	7.35	18.92	16.67
(b) Subscriber and 1 Dependent	5.10	16.80	20.00	17.89
(c) Subsc. and more than 1 Dep.	7.50	24.75	20.00	17.86
IV. Mar. 1, 1959-Dec. 31, 1962				
(a) Subscriber	2.65	9.00	20.45	22.45
(b) Subscriber and 1 Dependent	6.15	21.00	20.59	25.00
(c) Subsc. and more than 1 Dep.	9.00	30.00	20.00	21.21
V. Jan. 1, 1963-				
(a) Subscriber	3.25	11.25	22.64	25.00
(b) Subscriber and 1 Dependent	7.55	25.95	22.76	23.57
(c) Subsc. and more than 1 Dep.	10.75	35.40	19.44	18.00

PHYSICIANS' SERVICES INCORPORATED

TABLE XII

ENROLMENT

SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL AGREEMENT

BROWN PLAN

GROUPS AND PAY DIRECT (EX. NON-GROUP)

Year Ending Dec. 31	Subscribers	Dependents	Total Participants	% Change from Prev. Year
1951 (a)	19,396	20,515	39,911	-
1952	25,387	27,438	52,825	32.36
1953	29,049	32,631	61,680	16.76
1954	29,189	34,679	63,868	3.55
1955	31,410	37,707	69,117	8.22
1956	34,756	44,018	78,774	13.97
1957	36,384	45,018	81,492	3.45
1958	41,783	56,782	98,565	20.95
1959	149,918	194,971	344,889	249.91
1960	122,167	180,800	302,967	-12.16
1961	117,744	175,433	293,177	- 3.23
1962	103,717	154,412	258,129	-11.95
1963 Ending June 30	97,856	148,416	246,272	- 4.59

(a) Starting Year

	Agreement Distribution No.	%
Subscriber	37,293	38.11
Subscriber & 1 Dependent	21,489	21.96
Subscriber & more than 1 Dep.	39,074	39.93

PHYSICIANS' SERVICES INCORPORATED

TABLE XIII

SUMMARY OF FINANCIAL STATISTICS

1951-1962 (inclusive)

SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL AGREEMENT

BROWN PLAN

GROUPS AND PAY DIRECT (EX. NON-GROUP)

Year	Subscription Income	Expenditure for Physicians' Services (Paid Basis)	% of Subsc. Income	Expenditure for Physicians' Services (Allowed Basis)
1951 (a)	$ 249,217.01	$ 128,697.25	51.64%	$ 142,996.94
1952	505,056.13	323,604.70	64.07	359,560.78
1953	623,836.04	420,938.75	67.48	467,709.72
1954	709,844.89	554,272.57	78.08	615,858.41
1955	755,043.92	588,647.34	77.96	654,052.60
1956	894,968.67	658,910.19	73.62	732,122.43
1957	966,041.79	729,632.55	75.53	810,702.83
1958	1,045,283.17	843,160.56	80.66	936,845.07
1959	2,440,826.32	1,695,908.04	69.48	1,884,342.27
1960	3,895,024.69	3,139,964.25	80.61	3,488,849.17
1961	3,873,971.64	3,297,560.92	85.12	3,663,956.58
1962	3,565,287.00	3,551,395.00	99.61	3,945,995.00
1951-1962 Accumulation	$19,524,401.00	$15,932,692.00	81.60	$17,702,992.00

(a) Starting Year

PHYSICIANS' SERVICES INCORPORATED

TABLE XIV

SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL AGREEMENT

BROWN PLAN

SUBSCRIPTION RATE SCHEDULE SUMMARY

Period Effective and Type of Contract	Monthly Group Rates	Quarterly Pay Direct Rate	% Increase from Previous Period Monthly Group Rates	% Increase from Previous Period Quarterly Pay Direct Rates
	$	$		
I. Jan. 1, 1951 - Dec. 31, 1955				
(a) Subscriber	1.00	3.75		
(b) Subscriber and 1 Dependent	2.25	8.25		
(c) Subsc. and more than 1 Dep.	3.10	11.55		
II. Jan. 1, 1956-Feb. 28, 1959				
(a) Subscriber	1.05	3.90	5.00%	4.00%
(b) Subscriber and 1 Dependent	2.55	9.15	13.33	10.91
(c) Subsc. and more than 1 Dep.	3.30	12.15	6.45	5.19
III. Mar. 1, 1959-Dec. 31, 1962				
(a) Subscriber	1.15	4.35	9.52	11.54
(b) Subscriber and 1 Dependent	2.80	10.20	9.80	11.15
(c) Subsc. and more than 1 Dep.	3.65	13.65	10.61	12.35
IV. Jan. 1, 1963-				
(a) Subscriber	1.40	5.10	21.74	17.24
(b) Subscriber and 1 Dependent	3.35	11.70	19.64	14.71
(c) Subsc. and more than 1 Dep.	4.40	15.60	20.55	14.29

PHYSICIANS' SERVICES INCORPORATED

TABLE XV

SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL AGREEMENT

NON-GROUP PLAN

SUBSCRIPTION RATE SCHEDULE SUMMARY

Period Effective and Type of Contract	Quarterly Rate $
I. May 15, 1958-Dec. 31, 1962	
(a) Single Male	5.25
(b) Single Female	6.00
(c) Two Party	12.00
(d) Three Party	15.00
(e) Four Party	17.25
(f) Five Party	18.75
(g) Six Party	20.25
(h) Each additional child	1.50

Plus a nominal enrolment fee of $4.00 which applies to the first quarter only.

II. Jan. 1, 1963-	
(a) Subscriber	6.75
(b) Subscriber and 1 Dependent	14.25
(c) Subscriber and more than 1 Dep.	18.75

Plus enrolment fee as above.

PHYSICIANS' SERVICES INCORPORATED

TABLE XVI

COMMUNITY ENROLMENT

as at June 30, 1963

Age Group	Number of Participants	% Distribution
0 - 19	6,935	28.51
20 - 64	11,154	45.85
65+	6,237	25.64
All ages	24,326	100.00

	Agreement Distribution	
	No.	%
Subscriber	11,447	78.66
Subscriber & 1 Dependent	710	4.88
Subsc. & more than 1 Dep.	2,396	16.46
Total Subscribers	14,553	100.00

PHYSICIANS' SERVICES INCORPORATED

TABLE XVII

ENROLMENT DATA

PARTICIPANTS 65 YEARS OF AGE AND OVER
as at
JUNE 30, 1963

	Medical, Surgical and Obstetrical Services Agreement (Blue Plan) (Incl. C.E.)		Surgical, Obstetrical and Medical Care in Hospital Agreement (Brown Plan)		Total - Both Agreements	
	Participants		Participants		Participants	
	Total	65 Years and over	Total	65 Years and over	Total	65 Years and over
Groups	1,261,587	30,657	181,205	7,266	1,442,792	37,923
% of Total Participants in Plan		2.43%		4.01%		2.63%
Pay Direct Inc. C.E.	194,423	20,434	90,367	10,062	284,790	30,496
% of Total Participants in Plan		10.50%		11.13%		10.71%
Total	1,456,010	51,091	271,572	17,328	1,727,582	68,419
% of Total Participants in Plan		3.51%		6.38%		3.96%

(1) Percentage of enrolment in the Ontario Population 65 years of age and over.
(2) (518,100 at June, 1962) 9.86% 3.34% 13.21%

(1) Source: Dominion Bureau of Statistics, Reference Paper, Population Estimates (Age and Sex).
(2) The 65 years of age and over group represents 8.2% of the total population of Ontario. (Latest available firm figures by age - group as at June, 1962. However, according to population projections made by the Ontario Department of Economics, the number of older persons is expected, in the next 20 years to constitute a slightly smaller proportion of the total than it does now.)

PART II.

BASIC PRINCIPLES OF BILL #163

80. It is our understanding that Bill #163 is based on three principles, viz., universal availability, non-compulsion and multiplicity of carriers. We believe these principles should be well understood by all persons interested in this Bill. With this in mind and before discussing the articles of the Bill, we have set forth below our understanding and interpretation of these principles.

81. Furthermore, we feel that it should be realized that there are good and bad points to these principles and, therefore, there will be certain problems and hurdles to be overcome. We would agree that it does not appear impossible or even extremely difficult to fulfill these principles but we should be aware of their implications.

Universal Availability

82. This principle encompasses the simple thought that medical services insurance must be available to all citizens regardless of age, medical or financial condition. Although the average cost of medical services for the average citizen may not be beyond his ability to pay it is readily understood that in any particular individual case the impact of such cost may be financially catastrophic. Universal availability must be a principle so that all citizens will have the privilege of insuring themselves against the cost of adequate medical services thereby producing better health and eliminating the economic impact of each individual financing his own care at a cost that he may not be able to afford.

83. Universal availability makes it possible for the person in poor health and

uninsurable to obtain medical services coverage. It also makes it possible for the older person (65 years of age and up), who has been considered in the past by many to be uninsurable, to obtain adequate coverage for medical services.

84. The cost of medical services is important to the principle of universal availability if this availability means that the "uninsurables" mentioned above are to have the privilege of purchasing medical services insurance at a monthly cost that could be deemed reasonable.

85. This principle is one which is most important if society is to arrive at an optimum point in health services for its citizens.

86. Universal availability sponsors anti-selection, particularly if non-compulsion is in effect. It will influence use and cost through what might be considered poor motivation or insufficient reasons. Therefore, we must be prepared for its future effect on the cost of medical services.

Non-Compulsion

87. It is generally held that non-compulsion is a fundamental ingredient of democracy. Unless our basic approach to democracy is changed, it is important that we maintain the right of the citizen as an individual to determine and elect the choice of any programme affecting his personal well-being. It is therefore important that in maintaining this phase of democratic society we must do so with full knowledge and awareness of the repercussions which result from those individuals in society who exercise negligence and selfishness for personal gain.

88. Non-compulsion will give the benefit of the doubt to those in need of medical services who are actively searching for financial help. On the

other hand, the individual not in need of medical services will be prone to be negligent and not take advantage of his rights. Therefore, anti-selection will be possible and costs will be higher than average.

Multiplicity of Carriers

89. We understand that the present Government wishes to implement a medical services insurance plan which will disturb as little as possible the operating methods of carriers of this type of insurance.

90. The principle carries with it the spirit of competition and the factors of the market place which should result in the citizen being able to shop to obtain the best possible coverage at the least cost relative to both medical services and administration.

91. It also suggests that society in general would not be particularly happy with a monolithic bureaucratic approach in connection with the personal services of an individual's physician.

PART III.

SCHEDULES A AND B (BENEFITS AND EXCEPTIONS)

Schedule B

92. This schedule should be deleted. There should not be a "Standard In Hospital Medical Services Insurance Contract".

93. A contract of this type develops discrimination and inflation through anti-selection. It also ignores the principle of preventive medicine. It would appear that the only reason for suggesting such a contract is to be able to offer a low cost subscription rate.

94. The availability of hospital beds is not proportionately distributed throughout the province and, therefore, there is an inequality of opportunity for the citizen to obtain benefits under this type of coverage. Discrimination based on this will foment ill-will for both government and the medical profession. It will also result in competition between doctors for available hospital beds. Such a situation should be avoided at all costs.

95. With both Schedules "A" and "B" in effect the principle of anti-selection becomes dynamic. The healthy citizen will buy Schedule "B" because of its lower cost thus freeing a certain sum for other purposes. The chronically ill will purchase Schedule "A" and his demands for services, not being tempered by the statistical averaging of the healthy individual, will result in an inflated cost for those persons covered under Schedule "A". This, at a time when the whole approach of government action is to keep the cost per person of necessary medical care as low as possible without interfering with quality and free choice.

96. When considering a contract of medical services on the principles inherent in this Bill, it should be recognized that the proper basic approach to

preventive medicine and early diagnosis is the "first dollar" coverage for all medical services. Schedule "B" does not include the basic ingredients of prevention. It is, therefore, sadly lacking as a "good" contract for medical services and, in our opinion, for the influential sponsorship of government.

97. The elimination of Schedule "B" as a "standard plan" does not necessarily deprive the citizen of this type of coverage. Everything else being equal, P.S.I. will offer a limited plan of the same type as Schedule "B". It is also quite possible that other carriers of medical services insurance coverage would be prepared to offer such a plan, without the label of "government standard" and the compulsion it carries.

Schedule A

98. WE RECOMMEND that the benefit paragraph should be a clearly stated definition of benefits available and from whom, viz., "The medical, surgical and obstetrical services available to the Subscriber or Dependent shall consist of the personal professional services, or payment thereof, of a physician as ordinarily provided in the private practice of medicine unless expressly limited or excepted hereunder".

Exceptions

99. It is a peculiar trait of medical services insurance agreements that the "Exceptions" take up more space and are more meaningful for the understanding and interpretation of the agreement than is the paragraph on "Benefits". Rather than criticize and comment on the Exceptions set forth under Schedule "A", we have considered them and WE RECOMMEND the following exceptions and limitations:

Exceptions

1. - Any health examination.

2. - Services that a covered person receives:

(i) in respect of any injury, illness or condition which entitles the covered person concerned to compensation or care or treatment in respect thereof under legislation and regulations such as the Hospital Services Commission Act and regulations as presently in effect or the Workmen's Compensation Act of Ontario or applicable to persons who have served in the armed forces, or to classes of persons given similar special protection, or;

(ii) when the covered person is a patient under the care of a sanatorium, institution or special hospital for tuberculosis, mental illness or disease, alcoholism or epilepsy, or as a drug addict, or when the covered person in question should properly be such a patient, or;

(iii) services for which no charge would be made in the absence of insurance.

3. - The provision of hospitalization, including laboratory or other diagnostic procedures rendered as hospital services, dental services, ambulance services, nursing services, dressings and cast materials, use of operating, plaster or fracture rooms, services of government or commercial laboratories, drugs, vaccines, biological sera or extracts or their synthetic substitutes, eye-glasses, special appliances, oxygen, physical therapy and other similar treatments.

4. - Services with respect to conditions that do not interfere with the covered person's bodily functions, or with respect to treatment for cosmetic purposes.

5. - Newborn-infant care rendered by the physician delivering the infant.

6. - Expenses for travelling time or mileage.

7. - Advice by telephone.

8. - Any services or examinations for the purpose of;

   (a) an application for insurance or under a requirement for keeping insurance in force;

   (b) an application for admission to or continuance at or in a school, college, university, camp or an association;

   (c) employment, or the continuance of employment, or pursuant to the request of an employer or other person in authority;

   (d) a passport, visa or other similar document;

   (e) any other similar examinations required other than for the health of the person covered.

9. - Refractions.

10. - Services rendered by a physician pursuant to an arrangement for rendering services to the employees of an employer or to members of an association.

Limitations

1. - Psychotherapy shall be limited to 50 hours per person in any 12 month period.

2. - Well-baby care is limited to 10 visits in the physician's office during the first 5 years of life.

PART IV

ARTICLES OF BILL #163

Article 1 (a)

100. WE RECOMMEND that this Article be made more specific by amending it to read as follows:

" 'Benefit' means a payment made to a covered person for medical, surgical or obstetrical care or service; or the performance of such care or services for a covered person under a medical services insurance contract."

101. The definition of "benefit" apparently means two things:-

(a) "a payment made to a covered person for medical or surgical care or services" which implies the indemnity insurance principle of making a payment to a subscriber or policy holder of a determinable amount of money for medical or surgical care or services when rendered to a subscriber under particular circumstances which will be set forth by act or regulation or contract. This definition is quite simple and understandable. And;

(b) "the performance of such care or services for a covered person" which in essence implies the theory of the "service" approach in which a "participating physician" is obligated under an Agreement with a "service" carrier to accept payment directly from that carrier, usually as full and final payment, for services rendered to subscribers. The payment made by the "service carrier" may be a percentage of the approved schedule.

102. If this is really what is meant and it is the Government's intention to interfere as little as possible with this type of carrier it is important

to understand the results of this Article as it may apply to the "service carrier" and its subscribers.

103. Few if any problems will arise between the "service carrier", its subscribers and its participating physicians. However, a subscriber has the privilege of receiving services from a non-participating physician and in such cases the "service carrier" is only obliged to pay to the subscriber (as an indemnity) the same amount of money that it would have been obligated to pay to a participating physician for the same service.

104. This means that the subscriber would receive an amount of money proportionately lower than the approved Schedule of Fees applicable in this case. The proportion lower would be directly related to the pro-rata percentage agreed to by the participating physicians.

105. It would be up to the public to make a choice whether it bought "indemnity" insurance or "service" plan, realizing that 85% of physicians participate with the "service" plan and that if they are attended by a non-participating physician they will receive a smaller cash payment than they would have from the "indemnity" insurance.

106. Bill #163 should permit this payment, of less than schedule, to subscribers for services of non-participating physicians. This procedure should be recognized and approved as an integral part of the procedure of the "standard plan".

107. Therefore, WE RECOMMEND that the Bill include a provision for this and suggest that it be Article 17 (2) as follows:-

"The prorated cash payment directly to subscribers for the services of non-participating physicians by a recognized doctor-sponsored 'service plan' with underwriting participating physicians' agreements

shall be recognized as a properly computed payment under Article 17 (1)."

108. If some provision of this type is not implemented permitting the "service carrier" to pay less than the approved schedule regarding the services of non-participating physicians then the "service carrier" must reassess its position.

Article 1 (b) - No comment.

Article 1 (c) - No comment.

Article 1 (d) - No comment.

Article 1 (e)

109. We have considered one of the basic principles involved in this Bill as non-compulsion on the part of the citizen. Considering the Bill as a whole there is definitely compulsion on the carrier of the medical services insurance and it would appear to us that the right "guaranteed renewable" should include some safeguard against the "misuse of service" by the subscriber or one of his dependents.

110. It also seems to us that the words "continue a medical services insurance contract" at the top of page 2 may be misleading. Does this mean that every medical insurance contract of a carrier, regardless of the standard contract, should be "guaranteed renewable". Or, has the word "standard" been omitted and should the wording read "continue a standard medical services insurance contract". The clarification of this point is important as the present wording is not compatible with the statement that this Bill should interfere as little as possible with the present carriers of medical services insurance and their policies.

111. WE RECOMMEND that this Section be rewritten as follows:-

" 'Guaranteed renewable' means the right conferred upon a covered person, in the absence of misrepresentation, misuse of service or non-payment of subscription, to continue a standard medical services insurance contract in force from the date of issue until the carrier is no longer licensed under this Act."

Article 1 (f) - No comment.

Article 1 (g) - No comment.

Article 1 (h) - No comment.

Article 1 (i)

112. We are not convinced that insurers who deal only in "limited and incidental insurance against medical and surgical expenses provided in conjunction with motor vehicle liability, employer's liability, public liability and workmen's compensation insurance policies" should be relieved of the obligations of carriers of "medical services insurance". Limited and/or incidental arrangements liable for a portion of medical services or its cost may not necessarily be confined to the type of carriers mentioned in this Article. It would be unfortunate to unknowingly set up an area of discrimination.

113. Therefore, WE RECOMMEND that this Article end at the phrase "under the direction of a physician", and that the words "but does not include the limited and incidental insurance against medical and surgical expenses provided in conjunction with motor vehicle liability, employer's liability, public liability, and workmen's compensation insurance policies" be deleted therefrom.

Article 1 (j) - No comment.

Article 1 (k) - No comment.

Article 1 (l)

114. WE RECOMMEND the following definition of a "physician":

" 'physician' means a medical practitioner who is registered as such under the Medical Act of Ontario or as such under a similar statute governing the practice of medicine in the jurisdiction in which any medical, surgical or obstetrical services are rendered to a resident."

Article 1 (m) - No comment.

Article 1 (n) - No comment.

Article 1 (o)

115. WE RECOMMEND the deletion of this Article (see Part III - paras 92-97).

Article 1 (p) - No comment.

Article 1 (q)

116. WE RECOMMEND the deletion of the words,- "or a standard in-hospital medical services insurance contract".

Article 1 (r) - No comment.

Article 2

117. We feel that some comment should be made about the status of dependents. We have to take for granted the possibility that a piece of legislation such as Bill #163 does not lend itself as an instrument to set forth the necessary details to properly administer the legal status of a dependent. For example, to be a dependent, must the child be in "residency" with his parents - is he still a dependent if he is attending school in England - how do we determine the degree of "substantially dependent" as mentioned in Article 1 (d) - what

kind of information do we have to have that a son or daughter was mentally or physically infirm prior to the age of 19 when we are requested to accept this individual as a dependent at the age of, say, 26 - do the words "without regard to age" really mean what they say - will the carrier be permitted to enrol a seven year old child as a subscriber - what is the position of a child who is a ward of a Children's Shelter, placed in a home commonly referred to as a foster parent home. The permutations and combinations of the conditions relating to the status of children must be determined in detail if any type of reasonable administrative approach is to be set up in the standard medical services insurance contract. To further illustrate our point, we would recommend for your perusal the P.S.I. subscriber's agreement under Exhibit "B", Article 1, sub-paragraph (4), dealing with dependents.

Article 3 (a)

118. The present method of identification of indigents, defined in Schedule C, is expedient and simple. It should be maintained.

Article 3 (b)

119. This Article brings up the problem of defining those persons "who are in needy circumstances". In this regard we feel that it would be in order to -

RECOMMEND that persons in needy circumstances and who cannot qualify in Article 3 (a) are those persons whose personal income tax exemptions are equal to or greater than their gross income and further, WE RECOMMEND that the contribution from the Minister be 70% of the maximum premiums set for the standard medical services insurance contract applicable to the subscriber and dependents respectively.

Article 4 (a) & (b)

120. It is set forth that a local municipality MAY purchase or contribute to the purchase of the standard plan. There are many municipalities. Each one will take a different view of this privilege. Some views may be discriminatory and/or unfair to the needy. Therefore, WE RECOMMEND that this Article be amended to read, "A local municipality must, on behalf of residents residing therein," and further,
WE RECOMMEND the deletion of the words, "or standard in-hospital medical services insurance contracts."

Article 5 (a)

121. WE RECOMMEND the deletion of the word "and" at the end of section (i) and also the whole of section (ii) covering the words "guaranteed renewable standard in-hospital medical services insurance contracts".

Article 5 (b) - No comment.

Article 6

122. This Article should allow the widest scope of offerings by licensed carriers. WE RECOMMEND it be amended to read, "Nothing in this Act prevents a carrier from providing benefits under contracts of medical services insurance greater or lesser than those set forth in Schedule A."

Article 7 (1)

123. WE RECOMMEND that the word "Minister" be deleted and replaced with the word "Superintendent".

Article 7 (2)

124. WE RECOMMEND the deletion of the amount of "$1,000." and that it be replaced with "$100.00 per day for each day in default."

Article 8

125. WE RECOMMEND that this Article be rewritten as follows:

8. - (1) Medical Carriers Incorporated shall include in its objects the following:

(a) To consider and set the maximum premium rates for the standard medical services insurance contract;

(b) To set the initial open enrolment period and such enrolment procedures as seem advisable to it;

(c) To determine the qualifications for membership in it;

(d) To establish regulations to govern membership in, and administration of, any pooling arrangements;

(e) To deal with such other matters as related to the technical administration of the standard medical services insurance contract.

(2) The administration costs of operating the corporation shall be borne equally by all its licensed members.

(3) The moneys required to cover the deficit of the pooling arrangement shall be assessed annually against the members.

(a) The proportion of the total assessment to be levied in any year to be borne by each member shall be determined

by the board of directors of the corporation and confirmed by at least two-thirds of the votes cast by the members present in person or represented by proxy and entitled to vote at any annual or general meeting of the members.

(b) The number of votes to be cast by or on behalf of any member shall be based upon the proportion of the number of persons covered by the member under contracts of all medical services insurance in relation to the persons so covered by all members and the by-laws of the corporation may provide the necessary regulations with respect to the determination of these numbers.

(4) If the members fail to confirm the assessments or if two or more members give notice to the board of directors that they question the equity of an assessment, the matter shall be referred for decision to a board of four arbitrators, one to be named by the members licensed to undertake the business of accident and sickness insurance under The Insurance Act, one to be named by P.S.I., one to be named by all other members, and one to be named by a judge of the Supreme Court upon the application of the other three arbitrators.

(5) The arbitrators shall have all the powers of arbitrators under The Arbitration Act and may at any time and from time to time proceed in such manner as they think fit on such notice as they deem reasonable.

(6) The award of the arbitrators or of a majority of them shall be made within thirty days of the referral of the matter to them, and it is final and binding on all members.

(7) The establishment or amendment of the by-laws and regulations of Medical Carriers Incorporated shall be determined by a two-thirds

majority vote cast by the members present or by proxy and entitled to vote at any annual or general meeting of the members and the number of votes cast by or on behalf of any member shall be based upon the proportion of the number of persons covered by the member under contracts of all medical services insurance in relation to the persons so covered by all members.

Article 9

126. WE RECOMMEND that the words "or a standard in-hospital medical services insurance contract" be deleted from this Article.

Article 10 - No comment.

Article 11

127. WE RECOMMEND that the words "or standard in-hospital medical services insurance contract" be deleted from this Article and that the word "an" before the phrase "open enrolment period" be replaced by the word "the". It should be stressed that there will be only the open enrolment period and from there on additions and new enrolment is a current managed enrolment under regulations developed by M.C.I.

128. WE RECOMMEND the addition of:-

Article 11 (a) - "A resident who purchases a standard medical services insurance contract shall include in his agreement as eligible dependents his spouse and his unmarried children under 19 years of age who are dependent on him for maintenance unless the dependent is provided with coverage under another contract of medical services insurance."

129. The wide election given to citizens by Articles 2, 11, 12 and 13 deserve

some comment. This could be the place to make it. It is obvious that Bill #163 will generate non-group, anti-selective enrolment. It is also fairly certain that the arrangements set up in Article 8 will experience a loss and that individuals covered by all other medical services contracts will be required to help pay for this loss. All these people are enrolled in employed groups by a great many carriers in this province. The success of the Bill depends on the continued enrolment of employed groups. Therefore, no legislation should be permitted to destroy normal group regulations which are an inherent part of group agreements and affect both benefits and cost. It must be understood that under Bill #163 individual members of a group will have the privilege of cancelling group coverage and purchasing a standard medical services insurance contract outside of the group. The group carrier, therefore, must be able to exercise its rights if the group falls below the minimum requirement or otherwise fails to fulfill its group obligations. In such cases the carrier can only give the group three alternatives: fulfill the group regulations, find a new carrier, or enrol all the group members in the standard medical services insurance contract on a group basis.

Article 12

130. WE RECOMMEND that the words, "or a standard in-hospital medical services insurance contract" be deleted and that the word "an" before the words "open enrolment period" be replaced by the word "the".

Article 13

131. WE RECOMMEND that the word "an" before the words "open enrolment period" be replaced by the word "the" and that the "a" in the words "under a group medical" be replaced by the word "any", and further that the words "or a

standard in-hospital medical services insurance contract" be deleted from the Article.

Article 14

132. WE RECOMMEND the deletion of the words "or a standard in-hospital medical services insurance contract".

Article 15

133. WE RECOMMEND that the words "or a standard in-hospital medical services insurance contract", and the words "and the late enrolment fee prescribed by Medical Carriers Incorporated," be deleted from this Article. We do not consider that it is advisable to have a dollar penalty fee for late enrolment.

Article 15 (1) - No comment.

Article 15 (2) - No comment.

Article 16

134. WE RECOMMEND that the words "or a standard in-hospital medical services insurance contract" be deleted from this Article.

Article 16 (a) - No comment.

Article 16 (b)

135. The rate structure suggested is X dollars for the single subscriber and $2\frac{1}{2}$ X dollars for the subscriber and one or more dependents. This approach will lead to a disproportionate increase in single agreements. Statistics regarding single persons and families will be distorted and not comparable to any of the tables on vital statistics usually published by Government and others.

136. It would be advisable to consider a rate structure of X dollars and 2X dollars. If this method should throw too heavy a "loading" on singles and doubles then a three rate structure of X dollars, 2X dollars and $2\frac{1}{2}$X dollars for singles, subscriber and one dependent and subscriber and more than one dependent respectively would be practical.

137. WE RECOMMEND the addition of a new Article 16 (c) as follows:

"Notwithstanding the above, the subscriber enrolled in a standard medical services insurance contract shall be permitted to cancel his agreement on 30 days' notice and obtain a refund on any overpaid subscription."

And a new Article 16 (d) as follows:

"No carrier is required to fulfill its obligations on the standard medical services insurance contract for a person more than three months following the date on which he ceased to be a resident of the province. Cancellation to be automatic at that time."

Article 17

138. WE RECOMMEND the deletion of the words "or a standard in-hospital medical services insurance contract" from this Article.

139. This Article is not specific enough regarding the payment of benefits under the O.M.A. Schedule. The Minister stated (speech to the legislature April 25) that specialist fees would be paid on referral only. This article assumes that the O.M.A. Schedule sets up the principle that specialists would be paid a specialist fee only when work was properly referred. This is not necessarily so. The Article should be clearer. It is necessary that the term "referral" be defined in a practical manner.

Article 18 (1) (a) - No Comment.

Article 18 (1) (b) - No Comment.

Article 18 (2)

140. In the naming of arbitrators by the carriers, where there is not unanimous consent, the arbitrator should be voted upon and the voting should be by weighted vote based on the number of persons covered on all medical services insurance contracts, (or, see para 125, sub-para (4) page 50).

Article 18 (3) - No Comment.

Article 18 (4) - No Comment.

Article 19 (1)

141. WE RECOMMEND that the word "Minister" be deleted and replaced with the word "Superintendent".

Article 19 (2) - No Comment.

Article 19 (3)

142. WE RECOMMEND that the words "or a standard in-hospital medical services insurance contract," be deleted from this Article.

Article 19 (3) (a) and (b)

143. Providing, of course, that the waiting period had been fulfilled under the previous carrier which is cancelling all its medical services insurance contracts.

Article 19 (4) - No Comment

Article 20 (1)

144. WE RECOMMEND that the words "or a standard in-hospital medical services insurance contract" be deleted from this Article.

Article 20 (1) (a) (b) - No Comment.

Article 20 (2)

145. WE RECOMMEND that the words "or a standard in-hospital medical services insurance contract" be deleted from this Article.

Article 21 (a) - No Comment.

Article 21 (b) - No Comment.

Article 21 (c) - No Comment.

Article 22 - No Comment.

Article 23 - No Comment.

Article 24 - No Comment.

Article 25 - No Comment.

PART V.

GENERAL

Indigents

146. Although the principle of multiple carriers can be justified generally it appears that an exception may be reasonable in the case of those citizens who are indigent.

147. It is a tradition that the medical profession assumes responsibility for the care of the indigent. As the profession has done this quite satisfactorily for a long time through its Medical Welfare Plan, it should continue to do so and be free to deal directly with Government regarding the care of these people.

148. It must be stated that this method may not be satisfactory upon the implementation of Bill #163 as it could be argued that the indigents are being placed in a special administrative organization which may leave them feeling that they are second class citizens.

149. If it should come about that the Government and the medical profession decide not to use the established organization for the indigents then P.S.I. would be prepared to co-operate with Government for the provision of standard medical services insurance contracts for these people.

Service Agreements

150. We would like to enlarge on what has already been said about "service carriers". A medical "service" agreement does not function on the usual principle of insurance. Its modus operandi is accomplished through an

agreement with physicians which is referred to as a "participating physician's agreement". In a true "service plan" the participating physician agrees that the plan may consider him as a basic underwriter and pay him directly a percentage of the fee set forth in a schedule of fees agreed upon by both parties. A majority of the physicians in private practice must be "participating physicians" - and the higher the percentage of participating physicians the more effective the service. The practice of paying a percentage of the fee is referred to as proration. This is usually large enough to cover the administrative costs of the plan plus a share of the reserves needed to stabilize the whole operation. However, the safety factor is available for a higher proration should emergencies justify it.

151. On the other hand the subscriber to the service plan has agreed that the rendering of a service to him satisfies the obligation of the plan and he has no right to dictate to the plan its method of paying the participating physician or the amount paid. The principle of free choice of physician is usually maintained and the subscriber may elect to receive services from a physician who has not signed a participating physician's agreement with the plan. However, the subscriber agrees that when he obtains services from a non-participating physician the plan does not have to pay him more than it would have paid to a participating physician for the same service. In some plans he agrees to take less than this amount.

152. This method of operation has allowed the "service plan" to do some things that have not been common in the ordinary insurance field:

a) dispense with experience rating of groups and spread the risk over all groups to establish what is commonly referred to as "community rating",

b) allow portability of coverage, so that when an employee leaves his place of employment he can keep the same coverage,

c) allow the enrolment of pensioners,

d) develop, by evolution and economics, the broadening of the community enrolment approach,

e) dispense with exclusions because of pre-existing conditions and eliminate health questionnaires and examinations, particularly in individual enrolment,

f) give good comprehensive coverage to the 65 and over as an individual, (automatic in pension groups) at reasonable cost.

These things come about automatically because of the nature of the "service plan". They are not automatic in indemnity health services insurance.

153. However, to keep this system alive and dynamic there are several imporant factors evolving from the agreements with physicians and subscribers.

i) the underwriting feature of the participating physician's agreement permitting proration of his accounts;

ii) the feature resulting in the pro-rata payment directly to subscribers for services rendered by non-participating physicians;

iii) the community rating approach which allows the service plan to set rates compatible with the general economic situation and not the acute conditions of the groups themselves as in experience rating;

iv) the ability, through the process of community rating, to "load" or charge back to the great masses in group enrolment enough money to carry the aged and other left employees on the same comprehensive medical coverage without examination or questionnaire, even though they may be very poor risks because

of chronic or acute illness. This process is actually a "pooling arrangement" within the operation of the service plan itself. This pooling method, derived through community rating of subscription costs should be maintained as an inherent feature of the "service plan". Below we will discuss "pooling" throughout the industry generally.

154. It is therefore important that consideration be given to any overall "standard" approach to make sure that the "service" approach be maintained and kept alive. In this way the competitive feature of the multiple carrier principle becomes more effective and dynamic.

Pooling Arrangements

155. May we refer this enquiry to pages 19, 20 and 21 of the minutes of the meeting of the Committee of the Whole held on Wednesday, February 27th, 1963 in the Legislative Building, Queen's Park.

156. In these minutes it is pretty clearly set forth that there is strong thinking that a pooling arrangement should be compulsory for all carriers of medical services insurances. This compulsion could be implemented through the by-laws of Medical Carriers Incorporated established by Bill #163.

157. The pooling method would be handled through a formula and its steps may be summarized as follows:

a) Pooling would only apply to those who enrol in the "standard plan". At the present time no carrier is offering exactly the standard plan. One of the "service plans" is close to it.

b) A maximum monthly rate is set to cover the aged and uninsurables.

No carrier could charge more than this rate.

c) All persons charged this maximum rate would automatically be assigned to the pool.

d) The insurance industry would automatically apply the maximum rate to all persons 65 years and over. The true "service plan" could not do so if it continued to community rate.

e) The insurance industry would "underwrite" by various methods (each carrier would apply his own) all individual applicants under 65 years. If his medical condition was good he would be charged a rate less than the maximum. He could not be pooled then or at any time in the future, regardless of age. He would therefore be automatically "loaded" to take care of his future. If his medical condition was poor he would be charged the maximum rate and assigned to the pool. On the other hand the "service plan" would be charging a community rate regardless of the applicant's age or condition. For the young well person this rate would be higher than the underwritten rate of the insurance company; for the not so young and not so well it would be lower.

f) It is obvious that the "service plan" could not participate in any pool for the uninsurables under 65 because it would not know who they were; its enrolment methods do not lend themselves to individual underwriting.

g) It is also obvious that the community-rated "service" plan would enrol a large disproportionate share of the persons under 65 years of age and in poor medical condition and as the "service" plan could not assign them to a pool it would be compelled to carry this high cost group without the financial relief available.

to the experience-rated insurance companies through the pooling arrangement. Therefore:

WE RECOMMEND that some mechanism be worked out whereby the community-rated "service" plans will receive a credit to alleviate the losses incurred by being obligated to enrol large numbers of persons under 65 years of age and considered to be poor risks.

h) Therefore, the only pooling arrangement feasible for all carriers is the pool for the 65's and over. The insurance companies can pool the under 65's. This is possible because of the common underwriting methods of the insurance industry.

i) As the service plan has specialized in comprehensive medical services, allowed portability and accepted any age or medical condition on its community enrolment, it stands to reason that it has at present a great number of these people enrolled in expensive comprehensive coverage. It must also be understood that the insurance industry also has many 65's and over covered but it is doubtful if they are covered in comprehensive medical service plans.

j) It is now important to realize that to apply a formula for pooling it must include a variety of coverages. A sort of mixing of apples and oranges.

k) The formula developed will give credit for those persons 65 and over enrolled by each carrier and not pooled, regardless of the type of coverage these persons have.

l) It must be assumed that the pool will lose money. The formula results in each carrier paying into the pool (after all credits as above) so much per adult life under 65 years it has enrolled

regardless of type of coverage in which he has been enrolled. This procedure charges back to the regular non-pool enrolment the costs of the pool which are absorbed in the monthly rates of each covered adult.

m) Now we must consider the difference between the application of experience rating and community rating. We must assume that no class of insured is losing money under the insurance industry application of experience rating. This is achieved by either adjusting the premium dollars or the benefits. On the other hand there are classes losing money in the community rating approach and this loss is absorbed by all subscribers through the community rating technique, which is an automatic pooling technique.

n) It is therefore unreasonable that any pooling arrangement should be of such a compulsory nature that the service plan would be forced to participate. Such participation could change the whole approach of the service plan. That is why the regulations of M.C.I. must permit exemption from pooling.

o) The "service plan" should be free to join or not join a pool. Its decision should bind it to the two year period set up in Article 18 of the Bill. At that time a re-assessment may point out to it and all concerned the proper path for the future.

p) After due consideration we, in P.S.I., feel that if the regulations do not facilitate exemption from pooling it could evolve that we might not only find it difficult but impossible to carry on under Bill #163.

EXHIBIT "A"

PHYSICIANS' SERVICES INCORPORATED

CHARTER *and* REGULATIONS

Sponsored by
THE ONTARIO MEDICAL ASSOCIATION
Toronto, Canada

Revised June, 1958

CHARTER

PROVINCE OF ONTARIO

By the Honourable

DANIEL ROLAND MICHENER,

Provincial Secretary

To all to whom these Presents shall Come

Greetings

WHEREAS The Companies Act provides that with the exceptions therein mentioned the Lieutenant-Governor may by Letters Patent create and constitute bodies corporate and politic for any of the purposes to which the authority of the Legislature of Ontario extends;

AND WHEREAS by the said Act it is further provided that the Provincial Secretary may under the Seal of his office have, use, exercise, and enjoy any power, right, or authority conferred by the said Act on the Lieutenant-Governor;

AND WHEREAS by their Petition in that behalf the persons herein mentioned have prayed for Letters Patent constituting them a body corporate and politic for the due carrying out of the undertaking hereinafter set forth;

AND WHEREAS it has been made to appear that the said persons have complied with the conditions precedent to the grant of the desired Letters Patent and that the said undertaking is within the scope of the said Act;

NOW THEREFORE KNOW YE that under the authority of the hereinbefore in part recited Act I DO BY THESE LETTERS PATENT CONSTITUTE the Persons hereinafter named that is to say:

Melville Clarence Watson and **John Allen Oille,** both of the City of Toronto, in the County of York and Province of Ontario, Physicians; **Hugh David Logan,** of the Town of Lindsay, in the County of Victoria and Province of Ontario, Physician; **Maurice Joseph Kelly,** of the Town of Timmins, in the District of Cochrane and Province of Ontario, Physician; **Freeman Albert Brockenshire,** of the City of Windsor, in the County of Essex and Province of Ontario, Physician; **Allan Douglas Pollock** of the City of Owen Sound, in the County of Grey and Province of Ontario, Physician; **Arthur Frederick Dunn.** of the City of Ottawa, in the County of Carleton and Province of Ontario, Physician; **Miln Cobb Harvey,** of the City of Kitchener, in the County of Waterloo and Province of Ontario, Physician; and **Lorne Whitaker,** of the City of St. Catharines, in the County of Lincoln and Province of Ontario, Physician; and any others who have become subscribers to the memorandum of agreement of the Corporation, and persons who hereafter become members thereof, a corporation without share capital under the name of

PHYSICIANS' SERVICES INCORPORATED

for the following purposes and objects, that is to say:

(a) To arrange for the provision of medical care by legally qualified medical practitioners with or without ancillary services on a non-profit prepayment basis so as to best meet and serve the interests of those receiving and those rendering the service;

(b) To enter into agreement with and if and when possible, consolidate, amalgamate or unify other medical service plans with one another or with the Corporation, and to acquire or undertake the whole or any part of the business, property and liabilities of any such plans;

(c) To establish and maintain effective collaboration with the Ontario Medical Association;

(d) To assist the Government in the Province of Ontario or any governmental or municipal authority, upon request, in strengthening the health services;

(e) To arrange or assist in arranging, upon the request of any governmental or municipal authority, medical services to such groups as may be deemed appropriate;

(f) To promote, in co-operation with other agencies where necessary, the improvement of nutrition, sanitation and other aspects of environmental hygiene;

(g) To assist in the development of an informed public opinion on matters of health;

(h) To provide statistical or other information, counsel and assistance on all matters pertaining to the provision of medical services on a prepayment basis;

(i) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Corporation or the dependents or connections of such persons, and to grant pensions and allowances and make payments towards insurance or for any object similar to those set forth in this clause, and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object;

(j) To promote a corporation or corporations for the purpose of acquiring or taking over all or any of the property and liabilities of the Corporation or for any other purpose which may seem directly or indirectly calculated to benefit the Corporation;

(k) To purchase, take on lease or in exchange, hire or otherwise acquire any personal property and any rights or privileges which the Corporation may think necessary or convenient for its purposes;

(l) To lend money to persons having dealings with the Corporation or with whom the Corporation proposes to have dealings and to guarantee the performance of contracts by any such person;

(m) To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments;

(n) To sell or dispose of the undertaking of the Corporation or any part thereof as an entirety or substantially as an entirety for such consideration as the Corporation may think fit, and in particular for shares, debentures or securities of any other corporation having objects altogether or in part similar to those of the Corporation, if authorized so to do by the vote of two-thirds of its members present or represented by alternate at a general meeting duly called;

(o) To adopt such means of making known the objects of the Corporation as may seem expedient and, in particular, by advertising in the press or by radio, by circulars, by the purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations;

(p) To sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Corporation;

(q) To pay out of its funds all costs and expenses of or incidental to the incorporation and organization of the Corporation;

(r) To borrow money for the purposes of the Corporation and give security therefor;

(s) To do all or any of the above things and all things authorized by these Letters Patent or any Supplementary Letters Patent as principals, agents, contractors, trustees or otherwise, and either alone or in conjunction with others; and

(t) To do all such other things as are incidental or conducive to the attainment of the above objects;

PROVIDED, however, that it shall not be lawful for the Corporation hereby incorporated directly or indirectly to transact or undertake any business within the meaning of The Loan and Trust Corporations Act; THE HEAD OFFICE of the Corporation to be situate at the said City of Toronto; and

THE FIRST MEMBERS of the Board of Governors (Directors) of the Corporation to be **Melville Clarence Watson, John Allen Oille, Hugh David Logan, Maurice Joseph Kelly, Freeman Albert Brockenshire, Allan Douglas Pollock, Arthur Frederick Dunn, Miln Cobb Harvey** and **Lorne Whitaker,** hereinbefore mentioned;

AND IT IS HEREBY ORDAINED AND DECLARED THAT:

1. The subscribers to the Memorandum of Agreement of the Corporation shall be the first members and it shall rest with the Board of Governors (Directors) to determine the terms and conditions on which subsequent members shall from time to time be admitted;

2. The interest of a member in the Corporation shall not be transferable and shall lapse and cease to exist upon the death of such member or when such member shall cease to be a member by resignation or otherwise in accordance with the regulations from time to time in force;

3. The Board of Governors (Directors) of the Corporation shall constitute the committee of management of the Corporation;

4. The Board of Governors (Directors) may from time to time make regulations not contrary to law or any provision of the Letters Patent, Supplementary Letters Patent (if any), or The Companies Act, and from time to time amend, vary or repeal the same to regulate:—

(a) the admission of members and the election or appointment of the members of the Board of Governors (Directors), trustees and officers;

(b) the time and place of holding and the calling of meetings of members, trustees and members of the Board of Governors (Directors) and the requirements as to alternates and the procedure at and the conduct of such meetings;

(c) the appointment of officers and employees; and

(d) the control, management and conduct of the affairs of the Corporation;

5. Every regulation relating to the admission of members or the forfeiture or cancellation of membership in the Corporation and every repeal, amendment, modification or variation thereof shall have no effect until approved by a general meeting of the Corporation and every other regulation and every repeal, amendment, modification or variation thereof unless in the meantime confirmed at a general meeting duly called for that purpose shall be in force only until the next annual meeting of the Corporation, and in default of confirmation thereat shall from that time cease to have force, and in that case no new regulation to the same or like effect or re-enactment thereof shall have force until confirmed at a general meeting of the Corporation; and

6. Such regulations, amendments, modifications and variations shall replace, exclude and modify the regulations set out in Form 4 in the Schedule to The Companies Act, save that in any matters covered by such Form 4 and not provided for in the Corporation's regulations or amendments, the regulations and provisions of the said Form 4 shall apply and be in force, but all such matters which after the passing of the Corporation's first regulations may be left to be governed by such Form 4, may be varied, amended, excluded or modified by any regulations;

AND IT IS HEREBY FURTHER ORDAINED AND DECLARED that the said Corporation shall be carried on without the purpose of gain for its members, and that any profits or other accretions to the Corporation shall be used in promoting its objects.

GIVEN under my hand and Seal of office at the City of Toronto in the said Province of Ontario this ....twenty-seventh....day of....August....in the year of Our Lord one thousand nine hundred and forty-seven.

"D. R. MICHENER",
Provincial Secretary.

REGULATIONS

MEMBERSHIP IN THE CORPORATION

(House of Delegates)

1. The subscribers to the Memorandum of Agreement of the Corporation shall be the first members of the Corporation.

2. The Board of Governors shall on receipt of the application from any of the following admit him to membership for the term hereinafter indicated:

(a) A medical practitioner who has been duly elected by a Branch of this Corporation, such membership to be for a term of one year, or until a successor is appointed, but such a member shall be eligible for re-election, provided that, each Branch may elect one representative who must be a participating physician to the House of Delegates, provided that where the participating physician membership of a Branch exceeds 50, such Medical Society may elect one additional such representative for each 100 such members or fraction thereof in excess of 50: for this purpose no participating physician may be considered a member of more than one Medical Society.

(b) Nominees of the Board of Directors of the Ontario Medical Association to a number not exceeding sixteen, such memberships to be for terms of one year;

(c) A medical practitioner who has been duly elected by a Branch of the Ontario Medical Association prior to the time the whole area represented by such Branch has been covered by a Branch or Branches of this Corporation, such membership to be for a term of one year or until a successor is appointed, but such a member shall be eligible for re-election; provided that no Branch of the Ontario Medical Association may have more than one such representative as a member at one time, and no such member shall have the right to vote.

(d) A medical member who has served on the Board shall continue to be a member of the House of Delegates; and a lay member who has served on the Board in the past may be appointed to the House of Delegates for one year by the Board; but in either case they shall not be eligible for election to the Board as such.

3. An interested doctor of medicine, who has been selected by the Board of Governors, may be appointed as a member for a term of one year, provided that there shall not be more than two doctors of medicine in all who are members by virtue of the provisions of this section.

4. Interested laymen (*i.e.* those who are not medical practitioners) who have been selected by the Board of Governors, may be appointed as members for a term of one year.

5. Any member who loses any of the qualifications above indicated for membership shall automatically cease to be a member of the Corporation, and membership shall not be transferable. A member shall have the right to resign.

BRANCHES

6. The Board of Governors may organize a Branch in any area as the need arises, when requested or approved by a member society of organized medicine where such exists, such Branch to be constituted as hereinafter provided, and it shall comply with all regulations, rules, policies and directives of the Corporation.

7. The Board of Governors shall define the area to be represented by such Branch.

8. The following and no others may be members of the Branch:

(a) Medical practitioners in the said area who have been accepted as participating physicians;

(b) Laymen who have been invited by and have agreed to sit on the Branch executive.

HOUSE OF DELEGATES

9. The members of the Corporation shall be collectively known and are hereinafter referred to as the House of Delegates and the members thereof as Delegates.

10. A medical delegate who has been elected by a Branch of the Corporation, may appoint some other medical practitioner member of the Branch as his alternate to attend and vote in his place at any meeting of the House of Delegates, provided, however, that the appointment of such alternate must be in writing and certified by the chairman of his Branch Executive and filed with the Secretary-Treasurer of the Corporation before the commencement of the meeting.

11. The first meeting of the House of Delegates shall be held at such time, not being more than nine months after incorporation, and at such place as the Board of Governors may determine.

12. There shall be at least one meeting of the House of Delegates in each year following the first meeting, to be known as the Annual Meeting; it shall be held at such time and place as the Board of Governors may determine.

13. The Board of Governors may whenever they think fit, and they shall upon a request in writing signed by any ten members of the House of Delegates convene a general meeting of the House.

14. The request shall set out the purpose for which the meeting of the House of Delegates is to be called and shall be left at the Head Office of the Corporation.

15. Upon receipt of such requisition the Board of Governors shall forthwith convene a general meeting of the House of Delegates, and, if they do not convene the same within twenty-one days of the receipt of the request, the persons signing the same or any other ten members may themselves convene a meeting of the House of Delegates.

16. At least ten days' notice of any meeting of the House of Delegates specifying the place, the day and the hour of meeting and, in case of special business, the general nature of such business shall be given to the delegates in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the House of Delegates in general meeting, but the non-receipt of such notice by any delegate shall not invalidate the proceedings at any general meeting.

17. If within one hour from the time appointed for the meeting a quorum of Delegates is not present the meeting, if convened upon the request of the members, shall be dissolved and in any other case it shall stand adjourned to the same day in the following week at the same hour and place, and if at such adjourned meeting a quorum of delegates is not present it shall be adjourned *sine die.*

18. The Chairman may with the consent of the meeting adjourn it from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place unless new notice of such meeting be given specifying the nature of the new business to be introduced at least ten days before the date to which the meeting has been adjourned.

19. The President of the Corporation shall preside as Chairman at every meeting of the House of Delegates and in his absence the Vice-President, and, in the absence of both the President and Vice-President, the delegates present shall choose one of their number to be Chairman of the meeting.

20. At any general meeting unless a poll is demanded, a declaration by the Chairman that a resolution has been carried and an entry to that effect in the minutes of proceedings of the Corporation shall be sufficient evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

21. If a poll is demanded the same shall be taken in such manner as the Chairman directs and the results shall be deemed to be the resolution of the Corporation in general meeting.

22. With the consent in writing of all the delegates a general meeting may be convened on shorter notice than ten days or without notice and in any manner which such Delegates think fit.

23. The presence in person or by alternate of either at least 20 Medical Delegates or of one-quarter of the members of the House of Delegates shall be necessary to constitute a quorum at general meetings.

24. Unless otherwise determined by special resolution every delegate or alternate other than delegates elected by a Branch of the Ontario Medical Association for an area in which there is no Branch of the Corporation shall have one vote.

25. No one shall be entitled to attend a meeting of the House of Delegates unless he is a delegate or unless he is there on the invitation of the Chairman or the Board of Governors.

BOARD OF GOVERNORS

26. The following shall be the first members of the Board of Governors of the Corporation, and the Board of Governors is hereinafter referred to as "the Board", and the members thereof as "Governors";

Dr. Melville Clarence Watson
Dr. John Allen Oille
Dr. Hugh David Logan
Dr. Maurice Joseph Kelly
Dr. Freeman Albert Brockenshire
Dr. Allan Douglas Pollock
Dr. Arthur Frederick Dunn
Dr. Miln Cobb Harvey
Dr. Lorne Whitaker

The first Governors shall hold office until the first general meeting and, unless otherwise provided by the delegates in general meeting, the subsequent Governors shall hold office for the terms hereinafter provided.

27. There shall be ten members of the Board, not more than three of whom may be laymen (*i.e.* persons who are not medical practitioners), but the House of Delegates may from time to time in general meeting increase or reduce the number of Governors, and may also determine in what rotation any such increased or reduced number is to be out of office, provided the proportion of Lay members is not increased.

28. No medical practitioner may be elected as a Governor who is not a delegate and a participating physician.

29. At the first general meeting of the House of Delegates there shall be elected five Governors for a period of two years and four for a period of one year, and at subsequent annual meetings Governors shall be elected to fill the offices of those whose term is ending and such shall hold office for a period of two years.

30. A retiring Governor shall hold office until replaced by his successor and he shall be eligible for re-election provided he is otherwise qualified.

31. (1) The affairs of the Corporation shall be managed by the Board who may pay all expenses of the incorporation and may exercise all such powers of the Corporation as are not by The Companies' Act or by these Regulations or by the Letters Patent or Supplementary Letters Patent required to be exercised by the Corporation in general meeting, subject nevertheless to these Regulations and any alterations or amendments thereof, to the provisions of that Act and of the Letters Patent and Supplementary Letters Patent, but no Regulations or amendments or alterations shall invalidate any prior act of the Governors which would have been valid if such new regulations or amendment had not been made.

(2) The Board of Governors are hereby authorized from time to time:

(a) To borrow money and obtain advances upon the credit of the Corporation from THE ROYAL BANK OF CANADA (hereinafter called the "Bank") in such amounts as, and subject to the terms and conditions upon which, the said Bank may be willing to lend;

(b) To assign, transfer, convey, hypothecate, mortgage, charge, pledge or give security upon, to or in favour of the Bank, under the provisions of the Bank Act or any other Act or law or otherwise, all or any of the property, real or personal, immovable or movable, owned by the Corporation or in which it may have any interest as security for the fulfilment of all or any liabilities and obligations, present or future, of the Corporation to the Bank, and to empower the Bank or any person or persons to sell, by public or private sale, assign, transfer and convey from time to time any or all of such property, whether standing in the name of the Corporation or not, and execute all assignments, transfers, conveyances, powers of attorney and other documents which may be necessary or useful for the purpose of effecting or completing any such sale, assignment, transfer or conveyance, any such security to be in such form and contain such rights, powers and authorities in favour of the Bank as may be required by the Bank;

(c) To exercise generally, in so far as the Bank is concerned, all or any of the rights, powers and authorities which the Corporation itself may exercise under its charter and the laws governing it;

(d) To authorize any one or more Governors, officers, clerks or cashiers of the Corporation or other persons, whether employed by or connected with the Corporation or not, whom the Board of Governors may designate, to manage, transact and settle the business of the Corporation with the Bank, and to make, sign, draw, accept, endorse, execute and deliver on behalf and in the name of the Corporation all such cheques, promissory notes, drafts, acceptances, bills of exchange, orders for the payment of money, warehouse receipts, bills of lading, assignments, transfers, conveyances, hypothecs, mortgages, pledges, securities under the Bank Act, notices of intention to give security under Section 88 of the Bank Act, promises to give security under the Bank Act, and other agreements, documents or instruments as in the opinion of such person or persons may be necessary or useful in connection with the Corporation's banking business;

(e) To delegate to any person or persons all or any of the rights, powers, and authorities conferred by this Regulation upon the Board of Governors, including the power of delegation.

This By-Law shall continue in full force, virtue and effect as between the Corporation and the Bank until written notice of the revocation or cancellation thereof shall have been given to the Manager of the branch of the Bank at which the account of the Corporation is kept, and receipt of such notice duly acknowledged in writing.

32. The Office of a Governor shall not be vacated by reason of the fact that he may have entered into a contract with the Corporation to provide services which the Corporation may agree to provide.

33. Any casual vacancy occurring in the Board of Governors may be filled by the Governors but any person so chosen shall retain his office only so long as the vacating Governor would have retained the same if no vacancy had occurred, and in filling such office the Governors shall fill it only with a person having the qualifications of the vacating Governor.

34. The House of Delegates in general meeting by a resolution of which notice has been given in the notice calling the meeting may remove any Governor before the expiration of his period of office and may by resolution appoint another person in his stead, but the person so appointed shall have the same qualification as the Governor in whose place he was appointed and shall hold office during such time as the Governor in whose place he was appointed would have held the same if he had not been removed.

35. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit.

36. The quorum of the Board shall consist of six Governors.

37. Questions arising at any meeting of the Board shall be decided by a majority of the votes unless otherwise herein expressly provided, and in case of an equality of votes the Chairman shall have a second or casting vote.

38. A Governor may at any time summon a meeting of the Board.

39. The President shall act as the Chairman of all meetings of the Board and, in his absence, the Vice-President, and, in the absence of both the President and the Vice-President, the Governors may elect a Chairman of the meeting who shall be one of their number.

40. A resolution signed by all the Governors shall be as valid and effectual as if it had been passed at a general meeting of the Governors duly called and constituted.

41. The remuneration of the Governors and their remuneration for services performed previously to the first general meeting shall be determined by the House of Delegates in general meeting.

42. All acts done by any meeting of the Board or the Executive Committee hereinafter referred to or by any person acting as a Governor notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Governor or member of the said Executive Committee or that they or any of them were disqualified shall be as valid as if every such person had been duly appointed and was qualified to be a Governor.

OFFICERS

43. (a) The Board of Governors shall elect from among its members a President who shall be a medical member, and a Vice-President.

(b) It shall appoint a General Manager and a Secretary and a Treasurer or a Secretary-Treasurer and a Medical Director of the Corporation and may appoint a Secretary of the Board, none of whom other than the Secretary of the Board may be members of the Board. The first election and appointment of such officers shall take place at or after the first meeting of the Board following the first meeting of the House of Delegates, and thereafter such officers shall be elected or appointed as the case may be at the first meeting of the Board following the Annual Meeting. Casual vacancies in such offices shall be filled from time to time by the Board as required.

44. The President shall act as Chairman of the House of Delegates, of the Board of Governors, and of the Executive Committee hereinafter mentioned.

45. The Vice-President in the absence of the President shall preside at all such meetings and will assist the President in the performance of his duties.

46. (a) The Secretary of the Corporation shall issue or cause to be issued notices for all meetings of the House of Delegates and of the Board and the Executive Committee. He shall keep a record of all proceedings and all meetings of the House of Delegates and the Executive Committee. He shall be the custodian of the seal of the Corporation and shall keep or cause to be kept all books to be kept by the Corporation required by statute and such additional books as may be required by the Board, and he shall deliver

if authorized so to do by a resolution of the Board, the records in his possession to such person or persons as may be named in the resolution. The Treasurer shall have the care and custody of all funds and securities of the Corporation and shall enter or have entered all receipts and disbursements in books of account to be kept by him or by his direction, and he shall deposit or cause to be deposited all moneys received in a chartered bank designated by the Board of Governors.

(b). The Medical Director shall be directly responsible to the Board for:—the determination of the amounts payable to physicians for services rendered to subscribers and the interpretation of the terms and conditions of the agreements on which these payments are based, and he may, if he so desires, obtain the advice of the Executive Committee and where he acts on the advice of that Committee he shall be relieved of the responsibility involved; the compilation of medical statistics for the purposes of the Corporation and the making of such special studies of the same as he may consider desirable or as may be required by the Board; the reporting to the Board of all cases where it appears that unusual patterns of practice or fraud may be involved and the supervising and the carrying out of any measures approved by the Board for the control of medical services; the supervision of the physicians employed under him as assistants and medical officers and a general management of the medical accounts department and its staff; the liaison by himself and his medical officers or staff between the Corporation and its branches, with individual physicians or hospitals or others rendering services to subscribers and the reporting of the decisions of the Executive Committee in regard to any dispute in respect to services rendered to or required by a subscriber.

In all other matters concerning the general business of the Corporation and particularly in respect to systems, procedures and the co-ordinating of departments the Medical Director shall be responsible to the General Manager.

47. The General Manager shall be general administrative officer of the Corporation and shall be directly responsible to the Board, except as herein provided, for all matters concerning the management of the Corporation and its personnel.

48. The Board of Governors may appoint such other senior administrative officers as the Board may decide.

49. No appointed administrative officer shall be a member of the Board of Governors.

EXECUTIVE

50. The Executive Committee shall be composed of the President and three members of the Board, of whom only one may be a layman, appointed by the Board, along with the General Manager but the latter shall have no vote as a member of the Executive.

51. The Executive Committee shall meet from time to time at the call of the President or of any member of it and two Board Members of the Committee of whom the President or Vice-President may be one shall be necessary to constitute a quorum. All matters coming before the Committee shall be decided by a majority vote of the members present and entitled to vote.

52. The Executive Committee shall have power subject to such regulations as the Board may impose to exercise in an emergency any of the powers of the Corporation which may be exercised by the Board.

53. It shall be the duty of the Executive Committee to act as the appellate authority.

54. It shall also be the duty of the Executive Committee to advise the Board on matters of general policy, to direct the General Manager in the application of accepted policies of the Board and to exercise any of the powers of the Board which the Board may by resolution entered upon the minutes delegate to it, subject to such regulations as the Board may impose.

BRANCH EXECUTIVES

55. Each Branch shall be supervised by a Branch Executive Committee consisting of not less than three members of the Branch of whom the Medical members shall have a majority of at least one.

(a) The Medical members of a Branch Executive Committee shall be elected for two-year terms in such a way as to provide for continuity. They shall be elected at an annual meeting of the members of the Branch duly called for such purpose within one month following the Annual Meeting of the Corporation;

(b) The Lay member or members of a Branch Executive Committee shall be appointed by the elected Medical members of the Committee for a term or terms of one year, but they shall be eligible for re-appointment;

(c) All members of the Branch Executive Committee shall hold office until replaced by their successors.

56. The Branch Executive shall:

(a) Generally regulate the affairs of the Branch in accordance with the rules, regulations, policies and directives of the Corporation;

(b) Provide the Board of Governors, or the administrative officers of the Corporation, with such information as may be required from time to time on any matter relative to the affairs of the Corporation in the Branch area.

HEAD OFFICE

57. The Head Office of the Corporation shall be at such place in the City of Toronto as the Board of Governors may decide, and the Board shall have power to change the location of the Head Office to or from any other place in the Province of Ontario as it may from time to time decide.

SEAL

58. The Seal of the Corporation shall be in such form as the Board of Governors may approve.

59. Documents requiring the signature of the Corporation shall be signed by the President or Vice-President and the Secretary or by such other officer or officers as the Board of Governors may by resolution appoint, and the seal of the Corporation may, when required, be affixed to any document signed as aforesaid by or under the direction of any one of the officers signing it. The Board of Governors may, by resolution, authorize the name of the Corporation, the signature or signatures of the signing officer or officers and a copy of the corporate seal to be printed upon any document requiring execution by the Corporation. Documents so printed shall be binding upon the Corporation.

FISCAL YEAR

60. The fiscal year of the Corporation shall end on the 31st day of December in each year, unless the Board of Governors otherwise decide.

AUDITORS

61. The first Auditors of the Corporation may be appointed by the Board of Governors before the first meeting of the members and shall hold office until the first general meeting of the members, and thereafter the Auditors shall be appointed by resolution at a general meeting of the Corporation and shall hold office until the next Annual Meeting unless previously removed by a resolution of members in general meeting.

COMMITTEES OF THE BOARD

62. (a) The Board of Governors by resolution entered upon the minutes may delegate any of their powers to committees consisting of such member or members of their body as they think fit, unless otherwise herein provided, and a committee so formed shall in the exercise of its powers so delegated conform to any regulations that may be imposed upon it by the Board.

(b) The Board may also appoint any of its members as chairman of advisory committees to investigate any specific problems.

NOMINATING COMMITTEE

63. (a) A Nominating Committee shall be set up following each annual meeting of the Corporation and shall remain in office until the close of the next succeeding annual meeting and its duty shall be to procure the submission of suitable nominations to go before any meeting of the House of Delegates at which an election of a member or members of the Board of Governors is to take place and in procuring suitable nominations it shall consider the familiarity with the affairs of the Corporation and the willingness to act of the nominees and the diversification of representation on the Board of Governors. All nominees must be Delegates.

(b) The President of the Ontario Medical Association shall be requested to act as the Chairman of the Committee but if he is unwilling or unable to act, the President of this Corporation or his nominee shall be the Chairman of the Committee; however, the Chairman shall have no vote.

(c) There shall be six members of the Committee including the Chairman. Two members who are Delegates shall be elected at each annual meeting of the House of Delegates. One member who is a Delegate shall be appointed by the Board of Governors of this Corporation. Two members who are Delegates shall be appointed by the Board of Directors of the Ontario Medical Association.

(d) The General Secretary of the Ontario Medical Association may be invited by the Committee to attend its meetings as honorary adviser.

(e) The Committee shall meet at the call of the Chairman and shall report to the annual meeting of the Corporation and to any other meeting of the House of Delegates at which there is to be an election of Governors.

(f) The Chairman of any meeting of the House of Delegates at which there is to be an election of a member or members of the Board of Governors shall not call for nominations from the floor until after the presentation of the report of the Nominating Committee.

(g) If a vacancy in the Committee occurs the vacancy shall be filled by the party or parties above-named as responsible for filling the office, except where it is one to be filled by election by the House of Delegates, in which event it shall be filled by the Board of Governors.

NOTICES

64. Any notice herein provided for may be given by prepaid post addressed to the person prescribed at his last known address in the books or records of the Corporation or at his last known place of residence.

INDEMNITY

65. The officers and Governors of the Corporation and their heirs, executors and administrators shall be indemnified and saved harmless out of the assets of the Corporation from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators shall or may incur in or about the execution of their duties or supposed duties in their respective offices or trusts except such as may be incurred or sustained by reason of their own wilful neglect or default.

SUSPENSION OR CANCELLATION OF MEMBERSHIP

66. The Board of Governors by an affirmative vote of not less than two-thirds of the members in office may suspend or cancel the membership of any member of the Corporation or any Branch member on the ground of flagrant disregard of any rule or regulation of the Corporation or the Board, provided, however, that the member so dealt with may appeal to the House of Delegates from such decision.

AMENDMENTS

67. These regulations may be repealed, amended, modified, varied or added to but no repeal, amendment or modification of or addition to the regulations relating to the admission of members or forfeiture or cancellation of membership in the Corporation shall have any effect until approved by a general meeting of the House of Delegates, and every repeal, amendment, modification or addition to any other regulation, unless in the meantime confirmed at a general meeting of the House of Delegates, duly called for the purpose, shall have force only until the next annual meeting of the House of Delegates, and, in default of confirmation thereat, shall from that time cease to have force, and in that case no repeal, amendment, modification or addition to the same or like effect or re-enactment thereof shall have any force until confirmed at a general meeting of the House of Delegates.

68. These Regulations and any amendments, modifications and variations thereof shall replace, exclude and modify the Regulations set out in Form 4 in the Schedule to the Companies Act, save that, in any matters covered by such Form 4 and not provided for in the Corporation's Regulations or amendments thereto, the Regulations and provisions of the said Form 4 shall apply and be in force, but all such matters which, after the passing of the Corporation's Regulations may be left to be governed by Form 4, may be varied, amended, excluded or modified by any Regulations.

PHYSICIANS' SERVICES INCORPORATED

— GROUP —

MEDICAL, SURGICAL and OBSTETRICAL SERVICES

Agreement

This is to certify

That on the issue to the Subscriber of an Identification Card, he and his eligible Dependents as listed in his application, or subsequently added, ARE ENROLLED for Medical, Surgical, and Obstetrical Services in accordance with the terms and conditions herein set forth.

PHYSICIANS' SERVICES INCORPORATED

PHYSICIANS' SERVICES INCORPORATED

General Manager

PSI

I. DEFINITIONS

1. *AGREEMENT:* The term "agreement" shall mean the SUBSCRIBER'S APPLICATION, his IDENTIFICATION CARD, these TERMS and CONDITIONS and the RULES and REGULATIONS referred to therein.

2. *CORPORATION:* The term "Corporation" shall mean PHYSICIANS' SERVICES INCORPORATED.

3. *SUBSCRIBER:* The term "Subscriber" shall mean any person described as such on the face of the SUBSCRIBER'S APPLICATION.

4. *DEPENDENT:*

(a) The term "dependent" shall mean the Subscriber's spouse and his unmarried child, stepchild and legally adopted child who resides with him provided such child is under the age of 19 years, and is named in the Subscriber's application for enrolment or is subsequently enrolled under the provisions hereinafter set out, and for whom the Subscriber pays the appropriate subscription rate.

(b) When a child, stepchild or legally adopted child ceases to reside with the Subscriber, such child shall no longer be a dependent within the meaning of that term.

(c) Where the Subscriber's spouse loses that status or lives separate from the Subscriber, such person shall thereupon cease to be a dependent within the meaning of that term.

(d) Where any child, stepchild or legally adopted child covered as a dependent hereunder marries or attains the age of 19 years, such person shall cease to be a dependent within the meaning of that term.

5. *MEDICAL PRACTITIONER:* The term "medical practitioner" shall mean a medical practitioner who is registered as such under the Medical Act of Ontario or as such under a similar statute governing the practice of medicine in the jurisdiction in which any medical, surgical or obstetrical services are rendered to a subscriber or dependent.

6. *PARTICIPATING PHYSICIAN:*

(a) The term "participating physician" shall mean a medical practitioner with whom the Corporation has an agreement for the provision of medical, surgical or obstetrical services which are available hereunder to the Subscriber or his dependents.

(b) The term "participating general physician" shall mean any participating physician who does not hold a special certificate from the Royal College of Physicians and Surgeons of Canada.

(c) The term "participating specialist physician" shall mean any participating physician who holds a special certificate from the Royal College of Physicians and Surgeons of Canada and with whom the Corporation has an agreement for providing services as a certificated specialist.

II. CHOICE OF PHYSICIAN: SUBSCRIBER - PHYSICIAN RELATIONSHIP

(1) The Corporation has obtained agreements from participating physicians for the rendering of medical, surgical and obstetrical services as herein set forth, but it does not agree to provide any specific physician; the securing of the physician is the responsibility of the Subscriber. The said agreements with participating physicians and this agreement with the Subscriber are made for the purpose of bringing together the Subscriber or dependent who may require medical, surgical or obstetrical services and a participating physician, and these services may only be rendered by a participating physician, except as herein otherwise provided.

(2) The Subscriber or dependent may choose any participating physician he may desire who will agree to accept him or his dependent as a patient. It shall be the responsibility of the Subscriber to ascertain that the medical practitioner is a participating physician.

(3) If a subscriber or dependent on some reasonable ground wishes to have a non-participating medical practitioner provide services to which the Subscriber or dependent is entitled hereunder, the Corporation will pay to the Subscriber in respect of the services rendered only what it would pay for such services if rendered by a participating physician and no more.

(4) The Corporation may at any time on seven days' notice in writing to the Subscriber cancel his right and that of his dependent to obtain services from one or more non-participating medical practitioners as provided in paragraph (3) above.

(5) All medical, surgical or obstetrical services which are rendered to the Subscriber or his dependents pursuant hereto shall be rendered with all the usual incidences of the relationship of physician to patient applying as between the Subscriber or his dependents and the medical practitioner, except that neither subscriber nor dependent shall be liable for payment to a participating physician except as otherwise provided in these terms and conditions.

(6) If requested by the Corporation the Subscriber will obtain from any medical practitioner or hospital rendering services to him or a dependent hereunder a detailed statement in writing sufficient to enable the Corporation to understand the nature and extent of such services.

III. AVAILABLE SERVICES

The medical, surgical and obstetrical services available to the Subscriber or dependent shall consist of the personal professional services of a medical practitioner as ordinarily provided in the private practice of medicine unless expressly limited or excepted hereunder.

IV. X-RAY EXAMINATIONS AND RADIATION THERAPY

(1) The x-ray examinations and radiation therapy included the Available Services may also be rendered by the staff of a approved hospital, at the request of a participating physician, b the Corporation shall not be liable to pay any larger sum for servic rendered as aforesaid than what a participating physician wou be entitled to receive.

(2) The x-ray examinations and radiation therapy provided f in Article IV, para (1) are not available to a subscriber or depende who is an admitted bed patient in a hospital or when such servic are rendered under Article VII, para (2).

V. PAYMENT FOR AVAILABLE SERVICES

(1) The participating general physician will submit his accou to the Corporation for the available services rendered to the Su scriber or his dependent and will accept the Corporation's payme as payment in full, except as herein otherwise provided in Artic VIII.

(2) (a) The participating specialist physician will submit h account to the Corporation for the available services rendered the Subscriber or his dependent and where these are in respect of condition which is within the specialty of such a physician, t Corporation shall assume the charge of such participating speciali physician, to the extent provided in the specialist schedule as set b the Ontario Medical Association and approved by the Corporatio for;

- — one initial (unreferred) office visit to the subscriber or t dependent per specialist during the life of the agreemer
- — referred consultations,
- — obstetrical procedures immediately arising from referr obstetrical consultations,
- — diagnostic procedures,
- — major and minor surgical procedures,
- — caesarean sections,
- — administration of anaesthesia,
- — x-ray examinations and radiation therapy,
- — hospital visits to an admitted bed patient, and
- — pathological services

by such specialist physician and the specialist physician will acce the Corporation's payment as payment in full, except as here otherwise provided in Article VIII.

(b) Should the participating specialist physician render a account for services which are not, in the opinion of the Corporatio within the limits of his specialty the Corporation's allowance sha be only what it would allow to a participating general physician ar the specialist physician will accept the Corporation's payment payment in full, except as herein otherwise provided in Article VII

(c) Where the Subscriber or his dependent obtains the servic of a participating specialist physician for a condition which, the opinion of the Corporation, is within the limits of his special in respect to;

- — home visits,
- — subsequent office visits, and
- — obstetrical services other than caesarean sections and oth than referred obstetrical consultations and obstetric procedures immediately arising therefrom,

the Corporation shall assume the charge for the services so render on the basis of the most recent schedule for practice in general set by the Ontario Medical Association and as approved by t Corporation and in these circumstances the specialist physician h the privilege of submitting an additional account to the Subscrib for which the Corporation does not assume any liability.

(3) When the Subscriber or his dependent obtains services, herein provided, from a non-participating medical practitioner, t Corporation will pay to the Subscriber in respect of the servic rendered only what it would pay for such services if rendered by participating physician and no more. The Corporation will not b under any obligation to pay for such services rendered more tha six months prior to the receipt of the account by the Corporatio and it shall be the responsibility of the Subscriber to procure ar submit in full detail to the Corporation the account of the no participating medical practitioner and the Subscriber shall n have the right to assign to anyone the amount so payable to hi by the Corporation.

VI. LIMITATIONS

Available services to the Subscriber or his dependent as s forth herein shall be limited as follows:

(1) Well-baby care in the physician's office up to ten visi during the first five years of life.

(2) Services for any condition due to pregnancy including pr natal and post-natal care, except laparotomy for ectopic pregnanc and uterine curettage for incomplete miscarriage, shall not b available until both husband and wife shall be enrolled togeth for at least 8 full consecutive agreement months prior thereto o this one agreement.

(3) Examinations of the eyes by a physician to determine whethe or not eye-glasses are needed (refraction), shall not be availab until the patient has been enrolled for at least 12 full consecutiv agreement months prior thereto and no subscriber or depender may have more than one such examination in any 24 month perio

ONS OF ENROLMENT

VII. EXCEPTIONS

Available services to the Subscriber or his dependents as set forth above shall not include:

(1) The provision of hospitalization, including laboratory or other diagnostic procedures rendered as hospital services, dental services, ambulance services, nursing services, dressings and cast materials, use of operating, plaster or fracture rooms, services of government or commercial laboratories, drugs, vaccines, biological sera or extracts or their synthetic substitutes, eye-glasses, special appliances, oxygen, physical therapy and other similar treatments.

(2) Medical, surgical or obstetrical services in respect of any injury, illness or condition which entitles the Subscriber or the dependent concerned to compensation or care or treatment in respect thereof under legislation such as the Hospital Services Commission Act or the Workmen's Compensation Act of Ontario, or applicable to persons who have served in the armed forces, or to classes of persons given similar special protection.

(3) Medical, surgical or obstetrical services when the Subscriber or the dependent is a patient under the care of a sanatorium, institution or special hospital for tuberculosis, mental illness or disease, alcoholism or epilepsy, or as a drug addict, or when the Subscriber or dependent in question should properly be such a patient.

(4) Operations or treatment for cosmetic purposes.

(5) Operations or treatment for conditions which are not detrimental to the patient's health.

(6) Obstetrical services for any condition due to pregnancy unless the Subscriber and spouse are both covered together under this one agreement.

(7) Obstetrical services for any condition due to pregnancy of a dependent female child.

(8) New-born infant care rendered by the physician delivering the infant.

(9) Annual or periodic health examinations.

(10) Mileage or telephone advice.

(11) Without limiting the privileges set forth in Article IV para. (1), the benefits of this agreement do not include the services of a medical practitioner (participating or non-participating) when acting for a party, other than another medical practitioner, if that party receives the whole or any part of what is charged for the services rendered.

(12) Any services or examinations for the purpose of supporting an application for insurance or under some requirement for keeping insurance in force on a subscriber or a dependent, or for supporting an application for admission to or continuance at or in a school, college, university, camp or an association, or for employment or the continuance of employment, or pursuant to the request of an employer or other person in authority over the Subscriber or dependent, or for a passport or a visa or for any similar purpose by a subscriber or a dependent, or group inoculation, or refractions for safety glasses, or inoculations pursuant to some statute or by-law or regulation thereunder, or services rendered by an employer's physician or an association's physician pursuant to an arrangement for rendering services to employees of the employer or members of the association.

VIII. INCOME LIMITS

Without limiting the privileges of the participating specialist physician as more particularly set out in Article V, para (2) (c) — where the annual income of a subscriber without dependents exceeds $7,000.00, or that of a subscriber with dependents including that of all of his dependents exceeds $10,000.00, the participating physician may charge, if he so desires, a fee above the amount assumed by the Corporation under its agreement with him for the rendering of services available hereunder.

IX. SUBSCRIPTION RATES

The Subscriber agrees to pay the Corporation in advance each month the subscription rates currently in effect. The Corporation reserves the right to change the rates at the commencement of any agreement month on 30 days' written notice to the Subscriber.

X. IDENTIFICATION

Each subscriber shall be given an Identification Card. This card must be presented to the medical practitioner when service is requested for himself or dependents.

XI. ENROLMENT OF NEW-BORN CHILDREN AND OTHER DEPENDENTS AFTER EFFECTIVE DATE OF AGREEMENT

(1) A new-born child may be enrolled as a dependent by notice in writing to the Corporation, within 15 days after its birth, provided both parents are covered together under this one agreement and when so enrolled the new-born child shall be entitled to the benefits herein provided from the date of its birth.

If the surviving mother of a posthumous child keeps subscription rates paid in advance at the same rate as if both parents were alive and subject to the waiting period hereinbefore set out, the obstetrical benefits of the agreement will be effective.

(2) An adopted child may be enrolled as a dependent by notice in writing to the Corporation, within 15 days after its legal adoption, providing both adopting parents are covered together under this one agreement and when so enrolled the newly adopted child shall be entitled to the benefits herein provided with an effective date of the beginning of the agreement month following legal adoption.

(3) A newly acquired spouse (and stepchild if there be such) may be enrolled as a dependent by notice in writing to the Corporation, within 30 days after the marriage, with an effective date of the beginning of the agreement month following the date of marriage.

(4) Except as aforesaid, a dependent may only be enrolled at a group opening period of the group of which the Subscriber is a member or if he is a pay direct subscriber on a billing date satisfactory to the Corporation and in either case only if the Subscriber adds all persons who are eligible as his dependents who were not previously covered, and provides the Corporation with such information regarding them as it may require, and the Corporation agrees in writing to such addition. Dependents added under this clause shall be entitled to benefits from the effective date of their enrolment.

(5) On the addition of a dependent the Subscriber shall pay any additional subscription rate that may be applicable.

XII. TERM AND TERMINATION

(1) If the payment of the initial subscription comes through the group in accordance with the rules and regulations applicable, this agreement shall be in effect for one month from the date of the Subscriber's Identification Card and from month to month thereafter until terminated as hereinafter provided.

(2) Either party may terminate this agreement as of the end of any agreement month by giving to the other 30 days' prior notice in writing to that effect.

(3) Failure to pay the rate at the time provided shall automatically result in termination of this agreement and all benefits thereunder.

(4) If the rate payable by the Subscriber has been determined because he is a member of a group, he shall, if he ceases to be a member of the group, retain the benefit of the agreement only until the end of the month for which payment has been made at the date he ceases to be a member of the group.

(5) If a subscriber leaves the group he may apply to the Corporation in writing for enrolment as a pay direct subscriber, provided he does so within 30 days of his leaving and agrees to pay the appropriate rate in accordance with current regulations.

(6) If a subscriber is a member of a group of subscribers who are or have been protected as a group by this Corporation and the group in whole or in part elects to obtain such protection in whole or in part from some other source, this agreement may be automatically terminated as of the date to which the subscription has been paid.

(7) Although any dependent child of the Subscriber included under his agreement on marrying or attaining the age of 19 years shall thereupon cease to be included in the term "Dependent" and shall not thereafter be entitled to any benefits under the agreement, if the Subscriber makes application in writing to the Corporation within 30 days after such child ceases to be covered by this agreement, the Corporation may, in its discretion, enter into an agreement for the provision of services to such former dependent.

(8) When this agreement ceases to cover any dependent previously included, the subscription rate shall be appropriately adjusted.

(9) The Corporation may at its option upon the application of any subscriber reinstate his agreement, if terminated under the terms hereof, upon such conditions and at such rates as the Corporation may decide, but the acceptance by the Corporation of any payments for subscription rates after forfeiture or termination of this agreement shall not revive it until the Corporation has agreed in writing so to do, and the payments so accepted shall be held for the credit of the Subscriber until this agreement has been revived and, if it is not revived, it shall be repaid to him.

(10) If payments are made to the Corporation under more than one agreement with it for the provision of benefits to the Subscriber or his dependents, the refund to the Subscriber of the payments made under one of the said agreements for a period up to 6 months as the Corporation in its discretion may decide shall be in full satisfaction of all liability for repayment.

XIII. AGREEMENT NOT ASSIGNABLE

The services provided for as aforesaid are for the personal benefit of the Subscriber and his dependents, if any, and may not be transferred or assigned.

(*continued*)

XIV. MALPRACTICE OR NEGLIGENCE

In the event of a subscriber or a dependent suffering any damage from the malpractice or negligence of any person rendering medical, surgical or obstetrical services to such subscriber or dependent the Subscriber or the dependent concerned must make his claim, if any, against such person and not against the Corporation, and the Subscriber waives any claim he might have against the Corporation in respect of such malpractice or negligence and agrees to indemnify and save it harmless from any such claim that may be made against it by a dependent.

XV. DISPUTES

In the event of any dispute as to whether medical, surgical or obstetrical services required by or rendered to a subscriber or dependent are within the scope of this agreement, such dispute shall be submitted to and determined by the Executive Committee of the Corporation and its decision shall be final and binding upon the Subscriber and his dependent and the participating physician.

XVI. POWER TO APPOINT CONSULTANT

The Subscriber agrees and undertakes to obtain from a dependent when required by the Corporation an agreement that it may, at its own expense, appoint a participating physician to consult with any physician rendering services to the Subscriber or his dependent hereunder, and the rendering of any services under this agreement to the Subscriber or a dependent is conditional upon him permitting such consultation and any examinations that may be reasonably required in connection therewith.

XVII. AUTHORITY FOR USE OF CASE RECORDS

The Subscriber consents and he will if required procure consent from a dependent for the Corporation to obtain from any physician, hospital or nurse taking part in the rendering of any service hereunder to use for statistical, actuarial, scientific or any other reasonable purpose the diagnosis and history of the illness or injury in question and particulars of any treatment rendered in respect of it.

XVIII. RULES

The Subscriber agrees that the Corporation may from time to time adopt such Rules and Regulations as are reasonably necessary to facilitate the provision of the medical, surgical or obstetrical services above mentioned, and he agrees that the rendering of such services shall be subject to the condition that he and his dependents will comply with such Rules and Regulations.

XIX. NO AUTHORITY TO CHANGE AGREEMENT

The Subscriber's Application for Enrolment, his Identification Card and these Terms and Conditions of Enrolment and the Rules and Regulations referred to in Article XVIII constitute the entire agreement between the Subscriber and the Corporation, and no agent, employee or other person is authorized to vary, add to or change the agreement in any particular.

XX. CHANGE OF ADDRESS

The Subscriber will furnish the Corporation promptly with notice in writing over his signature of any change in the address of himself or his dependents.

XXI. NOTICES

(1) Any notice to the Subscriber or a dependent may be given by mailing the same to the address of the Subscriber or dependent, as the case may be, as set out in the application unless notice has been given to the Corporation in writing by registered post of a change thereof, in which event the notice shall be sent to the new address as given.

(2) Where the Subscriber is a member of a group the subscription rates for which are paid by or through some individual or corporation, notice to such individual or corporation shall constitute notice to the Subscriber and his dependents.

(3) Notices when given as above provided shall be deemed to have been received by the Subscriber and his dependents at twelve o'clock midnight of the day following the date of the actual mailing thereof.

(4) Any notice to the Corporation may be given by registered post addressed to the Head Office of the Corporation and must be signed by the Subscriber.

(5) Where the Subscriber is a pay direct subscriber pursuant to Article XII, para (5) the Corporation is not bound to forward to the Subscriber a notice for the payment of his subscription and if it should do so that shall not be construed as binding it to continue the practice or as a waiver of or change in any of these terms and conditions.

XXII. INTERPRETATION

In the event of the Subscriber or a dependent being a female, this agreement shall be read with all appropriate grammatical changes. Time shall be of the essence of this agreement.

XXIII. DATE OF AGREEMENT

The effective date of the agreement shall be the date on the Subscriber's Identification Card.

Form 2-163

These are the Terms and Conditions of your Agreement.

Please read them carefully.

•

Identify yourself as a Subscriber by presenting your Identification Card when service is requested from a Participating Physician.

•

To obtain the best service, please cooperate with your physician by consulting him during his office hours or by calling him early in the day, if at all possible.

• • •

A NON-PROFIT PROVINCE-WIDE SERVICE

Sponsored by the
Ontario Medical Association
and the
Physicians of the Province of Ontario

A Province of Ontario Chartered Corporation

GROUP

MEDICAL, SURGICAL AND OBSTETRICAL SERVICES

PSI

Certificate of Agreement

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Terms and Conditions

PHYSICIANS' SERVICES INCORPORATED
TORONTO 7, ONTARIO

Jan. 1963

EXHIBIT "C"

PHYSICIANS' SERVICES INCORPORATED

— GROUP —

SURGICAL, OBSTETRICAL and MEDICAL CARE IN HOSPITAL

Agreement

This is to certify

That on the issue to the Subscriber of an Identification Card, he and his eligible Dependents as listed in his Application, or subsequently added, ARE ENROLLED for Surgical, Obstetrical and Medical Care in Hospital in accordance with the terms and conditions herein set forth.

PHYSICIANS' SERVICES INCORPORATED

PHYSICIANS' SERVICES INCORPORATED

General Manager

PSI

TERMS AND CONDI

I. DEFINITIONS

1. *AGREEMENT:* The term "agreement" shall mean the SUBSCRIBER'S APPLICATION, his IDENTIFICATION CARD, these TERMS and CONDITIONS and the RULES and REGULATIONS referred to therein.

2. *CORPORATION:* The term "Corporation" shall mean PHYSICIANS' SERVICES INCORPORATED.

3. *SUBSCRIBER:* The term "Subscriber" shall mean any person described as such on the face of the SUBSCRIBER'S APPLICATION.

4. *DEPENDENT:*

(a) The term "dependent" shall mean the Subscriber's spouse and his unmarried child, stepchild and legally adopted child who resides with him provided such child is under the age of 19 years, and is named in the Subscriber's application for enrolment or is subsequently enrolled under the provisions hereinafter set out, and for whom the Subscriber pays the appropriate subscription rate.

(b) When a child, stepchild or legally adopted child ceases to reside with the Subscriber, such child shall no longer be a dependent within the meaning of that term.

(c) Where the Subscriber's spouse loses that status or lives separate from the Subscriber, such person shall thereupon cease to be a dependent within the meaning of that term.

(d) Where any child, stepchild or legally adopted child covered as a dependent hereunder marries or attains the age of 19 years, such person shall cease to be a dependent within the meaning of that term.

5. *MEDICAL PRACTITIONER:* The term "medical practitioner" shall mean a medical practitioner who is registered as such under the Medical Act of Ontario or as such under a similar statute governing the practice of medicine in the jurisdiction in which any surgical, obstetrical or medical services are rendered to a subscriber or dependent.

6. *PARTICIPATING PHYSICIAN:*

(a) The term "participating physician" shall mean a medical practitioner with whom the Corporation has an agreement for the provision of surgical, obstetrical or medical services which are available hereunder to the Subscriber or his dependents.

(b) The term "participating general physician" shall mean any participating physician who does not hold a special certificate from the Royal College of Physicians and Surgeons of Canada.

(c) The term "participating specialist physician" shall mean any participating physician who holds a special certificate from the Royal College of Physicians and Surgeons of Canada and with whom the Corporation has an agreement for providing services as a certificated specialist.

II. CHOICE OF PHYSICIAN: SUBSCRIBER - PHYSICIAN RELATIONSHIP

(1) The Corporation has obtained agreements from participating physicians for the rendering of surgical, obstetrical and medical services as herein set forth, but it does not agree to provide any specific physician; the securing of the physician is the responsibility of the Subscriber. The said agreements with participating physicians and this agreement with the Subscriber are made for the purpose of bringing together the Subscriber or dependent who may require surgical, obstetrical or medical services and a participating physician, and these services may only be rendered by a participating physician, except as herein otherwise provided.

(2) The Subscriber or dependent may choose any participating physician he may desire who will agree to accept him or his dependent as a patient. It shall be the responsibility of the Subscriber to ascertain that the medical practitioner is a participating physician.

(3) If a subscriber or dependent on some reasonable ground wishes to have a non-participating medical practitioner provide services to which the Subscriber or dependent is entitled hereunder, the Corporation will pay to the Subscriber in respect of the services rendered only what it would pay for such services if rendered by a participating physician and no more.

(4) The Corporation may at any time on seven days' notice in writing to the Subscriber cancel his right and that of his dependent to obtain services from one or more non-participating medical practitioners as provided in paragraph (3) above.

(5) All surgical, obstetrical or medical services which are rendered to the Subscriber or his dependents pursuant hereto shall be rendered with all the usual incidences of the relationship of physician to patient applying as between the Subscriber or his dependents and the medical practitioner, except that neither subscriber nor dependent shall be liable for payment to a participating physician except as otherwise provided in these terms and conditions.

(6) If requested by the Corporation the Subscriber will obtain from any medical practitioner or hospital rendering services to him or a dependent hereunder a detailed statement in writing sufficient to enable the Corporation to understand the nature and extent of such services.

III. AVAILABLE SERVICES

(1) The surgical, obstetrical and medical care during illness available to the Subscriber or dependent shall consist of the personal professional services of a medical practitioner, but only from one at a time, as ordinarily provided in the private practice of medicine when the Subscriber or dependent is an admitted bed patient in a hospital approved by the Corporation for treatment and not for diagnosis except as herein otherwise provided.

(2) The medical care provided for in Article III para. (1) shall be limited to not more than 51 days in any 12 month period, unless the Corporation in its absolute discretion otherwise agrees.

(3) In addition to the above services in hospital, there shall be out-of-hospital benefits available to the Subscriber or dependent from any physician entitled to render them hereunder, for the treatment of fractures or dislocations and for diagnostic x-ray examinations unless excepted under Article VII para. (2).

IV. X-RAY EXAMINATIONS

(1) The x-ray examinations included in the Available Service may also be rendered by the staff of an approved hospital, at the request of a participating physician, but the Corporation shall not be liable to pay any larger sum for services rendered as aforesaid than what a participating physician would be entitled to receive.

(2) The x-ray examinations provided for in Article IV para. (1) are not available to a subscriber or dependent who is an admitted bed patient in a hospital or when such services are rendered under Article VII para. (2).

V. PAYMENT FOR AVAILABLE SERVICES

(1) The participating general physician will submit his account to the Corporation for the available services rendered to the Subscriber or his dependent and will accept the Corporation's payment as payment in full, except as herein otherwise provided in Article VIII.

(2) (a) The participating specialist physician will submit his account to the Corporation for the available services rendered to the Subscriber or his dependent and where these are in respect of a condition which is within the specialty of such a physician, the Corporation shall assume the charge of such participating specialist physician, to the extent provided in the specialist schedule as set by the Ontario Medical Association and approved by the Corporation for;

- — referred consultations, but not more than one per admission
- — obstetrical procedures immediately arising from referred obstetrical consultations,
- — major and minor surgical procedures,
- — caesarean sections,
- — administration of anaesthesia,
- — x-ray examinations, and
- — hospital visits to an admitted bed patient

by such specialist physician and the specialist physician will accept the Corporation's payment as payment in full, except as herein otherwise provided in Article VIII.

(b) Should the participating specialist physician render an account for services which are not, in the opinion of the Corporation within the limits of his specialty the Corporation's allowance shall be only what it would allow to a participating general physician and the specialist physician will accept the Corporation's payment as payment in full, except as herein otherwise provided in Article VIII.

(c) Where the Subscriber or his dependent obtains the service of a participating specialist physician for a condition which, in the opinion of the Corporation, is within the limits of his specialty in respect to obstetrical services other than caesarean sections and other than referred obstetrical consultations and obstetrical procedures immediately arising therefrom, the Corporation shall assume the charge for the services so rendered on the basis of the most recent schedule for practice in general as set by the Ontario Medical Association and as approved by the Corporation and in these circumstances the specialist physician has the privilege of submitting an additional account to the Subscriber for which the Corporation does not assume any liability.

(3) When the Subscriber or his dependent obtains services, as herein provided, from a non-participating medical practitioner, the Corporation will pay to the Subscriber in respect of the service rendered only what it would pay for such services if rendered by a participating physician and no more. The Corporation will not be under any obligation to pay for such services rendered more than six months prior to the receipt of the account by the Corporation and it shall be the responsibility of the Subscriber to procure and submit in full detail to the Corporation the account of the non-participating medical practitioner and the Subscriber shall not have the right to assign to anyone the amount so payable to him by the Corporation.

VI. OBSTETRICAL WAITING PERIOD

The waiting period as defined hereunder shall apply before surgical, obstetrical or medical services shall be available to the Subscriber or his dependents:

Services for any condition due to pregnancy including pre-natal and post-natal care, except laparotomy for ectopic pregnancy and uterine curettage for incomplete miscarriage, shall not be available until both husband and wife shall be enrolled together for at least 8 full consecutive agreement months prior thereto on this or

)NS OF ENROLMENT

VII. EXCEPTIONS

Available services to the Subscriber or his dependents as set forth above shall not include:

(1) The provision of hospitalization, including laboratory or other diagnostic procedures rendered as hospital services, dental services, ambulance services, nursing services, dressings and cast materials, use of operating, plaster or fracture rooms, services of government or commercial laboratories, drugs, vaccines, biological sera or extracts or their synthetic substitutes, eye-glasses, special appliances, oxygen, physical therapy and other similar treatments.

(2) Surgical, obstetrical or medical services in respect of any injury, illness or condition which entitles the Subscriber or the dependent concerned to compensation or care or treatment in respect thereof under legislation such as the Hospital Services Commission Act or the Workmen's Compensation Act of Ontario, or applicable to persons who have served in the armed forces, or to classes of persons given similar special protection.

(3) Surgical, obstetrical or medical services when the Subscriber or the dependent is a patient under the care of a sanatorium, institution or special hospital for tuberculosis, mental illness or disease, alcoholism or epilepsy, or as a drug addict, or when the Subscriber or dependent in question should properly be such a patient.

(4) Operations or treatment for cosmetic purposes.

(5) Operations or treatment for conditions which are not detrimental to the patient's health.

(6) Obstetrical services for any condition due to pregnancy unless the Subscriber and spouse are both covered together under this one agreement.

(7) Obstetrical services for any condition due to pregnancy of a dependent female child.

(8) New-born infant care rendered by the physician delivering the infant.

(9) Annual or periodic health examinations.

(10) Mileage or telephone advice.

(11) Without limiting the privileges set forth in Article IV, para. (1), the benefits of this agreement do not include the services of a medical practitioner (participating or non-participating) when acting for a party, other than another medical practitioner, if that party receives the whole or any part of what is charged for the services rendered.

(12) Any services or examinations for the purpose of supporting an application for insurance or under some requirement for keeping insurance in force on a subscriber or a dependent, or for supporting an application for admission to or continuance at or in a school, college, university, camp or an association, or for employment or the continuance of employment, or pursuant to the request of an employer or other person in authority over the Subscriber or dependent, or for a passport or a visa or for any similar purpose by a subscriber or a dependent, or group inoculation, or refractions for safety glasses, or inoculations pursuant to some statute or by-law or regulation thereunder, or services rendered by an employer's physician or an association's physician pursuant to an arrangement for rendering services to employees of the employer or members of the association.

VIII. INCOME LIMITS

Without limiting the privileges of the participating specialist physician as more particularly set out in Article V, para. (2) (c)—where the annual income of a subscriber without dependents exceeds $7,000.00, or that of a subscriber with dependents including that of all of his dependents exceeds $10,000.00, the participating physician may charge, if he so desires, a fee above the amount assumed by the Corporation under its agreement with him for the rendering of services available hereunder.

IX. SUBSCRIPTION RATES

The Subscriber agrees to pay the Corporation in advance each month the subscription rates currently in effect. The Corporation reserves the right to change the rates at the commencement of any agreement month on 30 days' written notice to the Subscriber.

X. IDENTIFICATION

Each subscriber shall be given an Identification Card. This card must be presented to the medical practitioner when service is requested for himself or dependents.

XI. ENROLMENT OF NEW-BORN CHILDREN AND OTHER DEPENDENTS AFTER EFFECTIVE DATE OF AGREEMENT

(1) A new-born child may be enrolled as a dependent by notice in writing to the Corporation, within 15 days after its birth, provided both parents are covered together under this one agreement and when so enrolled the new-born child shall be entitled to the benefits herein provided from the date of its birth.

If the surviving mother of a posthumous child keeps subscription rates paid in advance at the same rate as if both parents were alive and subject to the waiting period hereinbefore set out, the obstetrical benefits of the agreement will be effective.

(2) An adopted child may be enrolled as a dependent by notice in writing to the Corporation, within 15 days after its legal adoption, providing both adopting parents are covered together under this one agreement and when so enrolled the newly adopted child shall be entitled to the benefits herein provided with an effective date of the beginning of the agreement month following legal adoption.

(3) A newly acquired spouse (and stepchild if there be such) may be enrolled as a dependent by notice in writing to the Corporation, within 30 days after the marriage, with an effective date of the beginning of the agreement month following the date of marriage.

(4) Except as aforesaid, a dependent may only be enrolled at a group opening period of the group of which the Subscriber is a member or if he is a pay direct subscriber on a billing date satisfactory to the Corporation and in either case only if the Subscriber adds all persons who are eligible as his dependents who were not previously covered, and provides the Corporation with such information regarding them as it may require, and the Corporation agrees in writing to such addition. Dependents added under this clause shall be entitled to benefits from the effective date of their enrolment.

(5) On the addition of a dependent the Subscriber shall pay any additional subscription rate that may be applicable.

XII. TERM AND TERMINATION

(1) If the payment of the initial subscription comes through the group in accordance with the rules and regulations applicable, this agreement shall be in effect for one month from the date of the Subscriber's Identification Card and from month to month thereafter until terminated as hereinafter provided.

(2) Either party may terminate this agreement as of the end of any agreement month by giving to the other 30 days' prior notice in writing to that effect.

(3) Failure to pay the rate at the time provided shall automatically result in termination of this agreement and all benefits thereunder.

(4) If the rate payable by the Subscriber has been determined because he is a member of a group, he shall, if he ceases to be a member of the group, retain the benefit of the agreement only until the end of the month for which payment has been made at the date he ceases to be a member of the group.

(5) If a subscriber leaves the group he may apply to the Corporation in writing for enrolment as a pay direct subscriber, provided he does so within 30 days of his leaving and agrees to pay the appropriate rate in accordance with current regulations.

(6) If a subscriber is a member of a group of subscribers who are or have been protected as a group by this Corporation and the group in whole or in part elects to obtain such protection in whole or in part from some other source, this agreement may be automatically terminated as of the date to which the subscription has been paid.

(7) Although any dependent child of the Subscriber included under his agreement on marrying or attaining the age of 19 years shall thereupon cease to be included in the term "Dependent" and shall not thereafter be entitled to any benefits under the agreement, if the Subscriber makes application in writing to the Corporation within 30 days after such child ceases to be covered by this agreement, the Corporation may, in its discretion, enter into an agreement for the provision of services to such former dependent.

(8) When this agreement ceases to cover any dependent previously included, the subscription rate shall be appropriately adjusted.

(9) The Corporation may at its option upon the application of any subscriber reinstate his agreement, if terminated under the terms hereof, upon such conditions and at such rates as the Corporation may decide, but the acceptance by the Corporation of any payments for subscription rates after forfeiture or termination of this agreement shall not revive it until the Corporation has agreed in writing so to do, and the payments so accepted shall be held for the credit of the Subscriber until this agreement has been revived and, if it is not revived, it shall be repaid to him.

(10) If payments are made to the Corporation under more than one agreement with it for the provision of benefits to the Subscriber or his dependents, the refund to the Subscriber of the payments made under one of the said agreements for a period up to 6 months as the Corporation in its discretion may decide shall be in full satisfaction of all liability for repayment.

XIII. AGREEMENT NOT ASSIGNABLE

The services provided for as aforesaid are for the personal benefit of the Subscriber and his dependents, if any, and may not be transferred or assigned.

XIV. MALPRACTICE OR NEGLIGENCE

In the event of a subscriber or a dependent suffering any damage from the malpractice or negligence of any person rendering surgical, obstetrical or medical services to such subscriber or dependent the Subscriber or the dependent concerned must make his claim, if any, against such person and not against the Corporation, and the

(*continued*)

Subscriber waives any claim he might have against the Corporation in respect of such malpractice or negligence and agrees to indemnify and save it harmless from any such claim that may be made against it by a dependent.

XV. DISPUTES

In the event of any dispute as to whether surgical, obstetrical or medical services required by or rendered to a subscriber or dependent are within the scope of this agreement, such dispute shall be submitted to and determined by the Executive Committee of the Corporation and its decision shall be final and binding upon the Subscriber and his dependent and the participating physician.

XVI. POWER TO APPOINT CONSULTANT

The Subscriber agrees and undertakes to obtain from a dependent when required by the Corporation an agreement that it may, at its own expense, appoint a participating physician to consult with any physician rendering services to the Subscriber or his dependent hereunder, and the rendering of any services under this agreement to the Subscriber or a dependent is conditional upon him permitting such consultation and any examinations that may be reasonably required in connection therewith.

XVII. AUTHORITY FOR USE OF CASE RECORDS

The Subscriber consents and he will if required procure consent from a dependent for the Corporation to obtain from any physician, hospital or nurse taking part in the rendering of any service hereunder to use for statistical, actuarial, scientific or any other reasonable purpose the diagnosis and history of the illness or injury in question and particulars of any treatment rendered in respect of it.

XVIII. RULES

The Subscriber agrees that the Corporation may from time to time adopt such Rules and Regulations as are reasonably necessary to facilitate the provision of the surgical, obstetrical or medical services above mentioned, and he agrees that the rendering of such services shall be subject to the condition that he and his dependents will comply with such Rules and Regulations.

XIX. NO AUTHORITY TO CHANGE AGREEMENT

The Subscriber's Application for Enrolment, his Identification Card and these Terms and Conditions of Enrolment and the Rules and Regulations referred to in Article XVIII constitute the entire agreement between the Subscriber and the Corporation, and no agent, employee or other person is authorized to vary, add to or change the agreement in any particular.

XX. CHANGE OF ADDRESS

The Subscriber will furnish the Corporation promptly with notice in writing over his signature of any change in the address of himself or his dependents.

XXI. NOTICES

(1) Any notice to the Subscriber or a dependent may be given by mailing the same to the address of the Subscriber or dependent, as the case may be, as set out in the application unless notice has been given to the Corporation in writing by registered post of a change thereof, in which event the notice shall be sent to the new address as given.

(2) Where the Subscriber is a member of a group the subscription rates for which are paid by or through some individual or corporation, notice to such individual or corporation shall constitute notice to the Subscriber and his dependents.

(3) Notices when given as above provided shall be deemed to have been received by the Subscriber and his dependents at twelve o'clock midnight of the day following the date of the actual mailing thereof.

(4) Any notice to the Corporation may be given by registered post addressed to the Head Office of the Corporation and must be signed by the Subscriber.

(5) Where the Subscriber is a pay direct subscriber pursuant to Article XII, para (5) the Corporation is not bound to forward to the Subscriber a notice for the payment of his subscription and if it should do so that shall not be construed as binding it to continue the practice or as a waiver of or change in any of these terms and conditions.

XXII. INTERPRETATION

In the event of the Subscriber or a dependent being a female, this agreement shall be read with all appropriate grammatical changes. Time shall be of the essence of this agreement.

XXIII. DATE OF AGREEMENT

The effective date of the agreement shall be the date on the Subscriber's Identification Card.

Form 16-163

These are the Terms and Conditions of your Agreement.
Please read them carefully.

•

Identify yourself as a Subscriber by presenting your Identification Card when service is requested from a Participating Physician.

•

To obtain the best service, please cooperate with your physician by consulting him during his office hours or by calling him early in the day, if at all possible.

• • •

A NON-PROFIT PROVINCE-WIDE SERVICE
Sponsored by the
Ontario Medical Association
and the
Physicians of the Province of Ontario

A Province of Ontario
Chartered Corporation

GROUP

SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL

PSI

Certificate of Agreement

•

Terms and Conditions

PHYSICIANS' SERVICES INCORPORATED
TORONTO 7, ONTARIO

Jan. 1963

EXHIBIT "D"

PHYSICIANS' SERVICES INCORPORATED

— NON-GROUP —

SURGICAL, OBSTETRICAL and MEDICAL CARE IN HOSPITAL

• *A Personal Protection Plan* •

Agreement

This is to certify

That on the issue to the Subscriber of an Identification Card, he and his eligible Dependents as listed in his Application, or subsequently added, ARE ENROLLED for Surgical, Obstetrical and Medical Care in Hospital in accordance with the terms and conditions herein set forth.

PHYSICIANS' SERVICES INCORPORATED

PHYSICIANS' SERVICES INCORPORATED

General Manager

PSI

TERMS AND COND

I. DEFINITIONS

1. *AGREEMENT:* The term "agreement" shall mean the SUBSCRIBER'S APPLICATION, his IDENTIFICATION CARD, these TERMS and CONDITIONS and the RULES and REGULATIONS referred to therein.

2. *CORPORATION:* The term "Corporation" shall mean PHYSICIANS' SERVICES INCORPORATED.

3. *SUBSCRIBER:* The term "Subscriber" shall mean any person described as such on the face of the SUBSCRIBER'S APPLICATION.

4. *DEPENDENT:*

(a) The term "dependent" shall mean the Subscriber's spouse and his unmarried child, stepchild and legally adopted child who resides with him provided such child is under the age of 19 years, and is named in the Subscriber's application for enrolment or is subsequently enrolled under the provisions hereinafter set out, and for whom the Subscriber pays the appropriate subscription rate.

(b) When a child, stepchild or legally adopted child ceases to reside with the Subscriber, such child shall no longer be a dependent within the meaning of that term.

(c) Where the Subscriber's spouse loses that status or lives separate from the Subscriber, such person shall thereupon cease to be a dependent within the meaning of that term.

(d) Where any child, stepchild or legally adopted child covered as a dependent hereunder marries or attains the age of 19 years, such person shall cease to be a dependent within the meaning of that term.

5. *MEDICAL PRACTITIONER:* The term "medical practitioner" shall mean a medical practitioner who is registered as such under the Medical Act of Ontario or as such under a similar statute governing the practice of medicine in the jurisdiction in which any surgical, obstetrical or medical services are rendered to a subscriber or dependent.

6. *PARTICIPATING PHYSICIAN:*

(a) The term "participating physician" shall mean a medical practitioner with whom the Corporation has an agreement for the provision of surgical, obstetrical or medical services which are available hereunder to the Subscriber or his dependents.

(b) The term "participating general physician" shall mean any participating physician who does not hold a special certificate from the Royal College of Physicians and Surgeons of Canada.

(c) The term "participating specialist physician" shall mean any participating physician who holds a special certificate from the Royal College of Physicians and Surgeons of Canada and with whom the Corporation has an agreement for providing services as a certificated specialist.

II. CHOICE OF PHYSICIAN: SUBSCRIBER - PHYSICIAN RELATIONSHIP

(1) The Corporation has obtained agreements from participating physicians for the rendering of surgical, obstetrical and medical services as herein set forth, but it does not agree to provide any specific physician; the securing of the physician is the responsibility of the Subscriber. The said agreements with participating physicians and this agreement with the Subscriber are made for the purpose of bringing together the Subscriber or dependent who may require surgical, obstetrical or medical services and a participating physician, and these services may only be rendered by a participating physician, except as herein otherwise provided.

(2) The Subscriber or dependent may choose any participating physician he may desire who will agree to accept him or his dependent as a patient. It shall be the responsibility of the Subscriber to ascertain that the medical practitioner is a participating physician.

(3) If a subscriber or dependent on some reasonable ground wishes to have a non-participating medical practitioner provide services to which the Subscriber or dependent is entitled hereunder, the Corporation will pay to the Subscriber in respect of the services rendered only what it would pay for such services if rendered by a participating physician and no more.

(4) The Corporation may at any time on seven days' notice in writing to the Subscriber cancel his right and that of his dependent to obtain services from one or more non-participating medical practitioners as provided in paragraph (3) above.

(5) All surgical, obstetrical or medical services which are rendered to the Subscriber or his dependents pursuant hereto shall be rendered with all the usual incidences of the relationship of physician to patient applying as between the Subscriber or his dependents and the medical practitioner, except that neither subscriber nor dependent shall be liable for payment to a participating physician except as otherwise provided in these terms and conditions.

(6) If requested by the Corporation the Subscriber will obtain from any medical practitioner or hospital rendering services to him or a dependent hereunder a detailed statement in writing sufficient to enable the Corporation to understand the nature and extent of such services.

III. AVAILABLE SERVICES

(1) The surgical, obstetrical and medical care during illness avai able to the Subscriber or dependent shall consist of the person professional services of a medical practitioner, but only from one a a time, as ordinarily provided in the private practice of medicin when the Subscriber or dependent is an admitted bed patient in hospital approved by the Corporation for treatment and not fo diagnosis except as herein otherwise provided.

(2) The medical care provided for in Article III, para. (1) shall b limited to not more than 51 days in any 12 month period, unles the Corporation in its absolute discretion otherwise agrees.

(3) In addition to the above services in hospital, there shall b out-of-hospital benefits available to the Subscriber or dependen from any physician entitled to render them hereunder, for th treatment of proven fractures including necessary x-ray examina tions unless excepted under Article VII, para. (2).

IV. X-RAY EXAMINATIONS

(1) The x-ray examinations included in the Available Servic may also be rendered by the staff of an approved hospital, at th request of a participating physician, but the Corporation shall n be liable to pay any larger sum for services rendered as aforesai than what a participating physician would be entitled to receiv

(2) The x-ray examinations provided for in Article IV, para. (are not available to a subscriber or dependent who is an admitte bed patient in a hospital or when such services are rendered und Article VII, para. (2).

V. PAYMENT FOR AVAILABLE SERVICES

(1) The participating general physician will submit his accou to the Corporation for the available services rendered to the Su scriber or his dependent and will accept the Corporation's payment payment in full, except as herein otherwise provided in Article VII

(2) (a) The participating specialist physician will submit h account to the Corporation for the available services rendered to th Subscriber or his dependent and where these are in respect of condition which is within the specialty of such a physician, th Corporation shall assume the charge, to the extent provided in th specialist schedule as set by the Ontario Medical Association an approved by the Corporation, for;

- — referred consultations, but not more than one per admissio
- — referred obstetrical consultations and obstetrical procedur immediately arising therefrom,
- — major and minor surgical procedures,
- — caesarean sections,
- — administration of anaesthesia,
- — x-ray examinations, and
- — hospital visits to an admitted bed patient

by such specialist physician and the specialist physician will acce the Corporation's payment as payment in full, except as here otherwise provided in Article VIII.

(b) Should the participating specialist physician render account for services which are not, in the opinion of the Corporatio within the limits of his specialty the Corporation's allowance sh be only what it would allow to a participating general physician an the specialist physician will accept the Corporation's payment payment in full, except as herein otherwise provided in Article VII

(c) Where the Subscriber or his dependent obtains the servic of a participating specialist physician for a condition which, in th opinion of the Corporation, is within the limits of his specialty respect to obstetrical services other than caesarean sections an other than referred obstetrical consultations and obstetrical pr cedures immediately arising therefrom, the Corporation sh assume the charge for the services so rendered on the basis of th most recent schedule for practice in general as set by the Ontar Medical Association and as approved by the Corporation and these circumstances the specialist physician has the privilege submitting an additional account to the Subscriber for which th Corporation does not assume any liability.

(3) When the Subscriber or his dependent obtains services, herein provided, from a non-participating medical practitioner, th Corporation will pay to the Subscriber in respect of the servic rendered only what it would pay for such services if rendered by participating physician and no more. The Corporation will not b under any obligation to pay for such services rendered more th six months prior to the receipt of the account by the Corporatio and it shall be the responsibility of the Subscriber to procure an submit in full detail to the Corporation the account of the no participating medical practitioner and the Subscriber shall not hav the right to assign to anyone the amount so payable to him by th Corporation.

ONS OF ENROLMENT

VI. WAITING PERIODS

The waiting periods as defined hereunder shall apply before surgical, obstetrical or medical services shall be available to the Subscriber or his dependents:

(1) Services for any condition due to pregnancy including pre-natal and post-natal care, except laparotomy for ectopic pregnancy and uterine curettage for incomplete miscarriage, shall not be available until both husband and wife shall be enrolled together for at least 12 full consecutive agreement months prior thereto on this one agreement.

(2) Tonsillectomy, sub-mucous resection or surgical procedures relative to hernia, or plastic surgery of the vagina and female perineum, shall not be available until the patient shall be enrolled for at least 12 full consecutive agreement months prior thereto.

VII. EXCEPTIONS

Available services to the Subscriber or his dependents as set forth above shall not include:

(1) The provision of hospitalization, including laboratory or other diagnostic procedures rendered as hospital services, dental services, ambulance services, nursing services, dressings and cast materials, use of operating, plaster or fracture rooms, services of government or commercial laboratories, drugs, vaccines, biological sera or extracts or their synthetic substitutes, eye-glasses, special appliances, oxygen, physical therapy and other similar treatments.

(2) Surgical, obstetrical or medical services in respect of any injury, illness or condition which entitles the Subscriber or the dependent concerned to compensation or care or treatment in respect thereof under the Hospital Services Commission Act or the Workmen's Compensation Act of Ontario, or under any legislation relating to compensation for injuries or diseases arising in the course of employment or applicable to persons who have served in the armed forces, or to classes of persons given similar special protection.

(3) Surgical, obstetrical or medical services when the Subscriber or the dependent is a patient under the care of a sanatorium, institution or special hospital for tuberculosis, mental illness or disease, alcoholism or epilepsy, or as a drug addict, or when the Subscriber or dependent in question should properly be such a patient.

(4) Operations or treatment for cosmetic purposes.

(5) Operations or treatment for conditions which are not detrimental to the patient's health.

(6) Obstetrical services for any condition due to pregnancy unless the Subscriber and spouse are both covered together under this one agreement.

(7) Obstetrical services for any condition due to pregnancy of a dependent female child.

(8) New-born infant care rendered by the physician delivering the infant.

(9) Annual or periodic health examinations.

(10) Mileage or telephone advice.

(11) Without limiting the privileges set forth in Article IV, para. (1), the benefits of this agreement do not include the services of a medical practitioner (participating or non-participating) when acting for a party, other than another medical practitioner, if that party receives the whole or any part of what is charged for the services rendered.

(12) Any services or examinations for the purpose of supporting an application for insurance or under some requirement for keeping insurance in force on a subscriber or a dependent, or for supporting an application for admission to or continuance at or in a school, college, university, camp or an association, or for employment or the continuance of employment, or pursuant to the request of an employer or other person in authority over the Subscriber or dependent, or for a passport or a visa or for any similar purpose by a subscriber or a dependent, or group inoculation, or refractions for safety glasses, or inoculations pursuant to some statute or by-law or regulation thereunder, or services rendered by an employer's physician or an association's physician pursuant to an arrangement for rendering services to employees of the employer or members of the association.

VIII. INCOME LIMITS

Without limiting the privileges of the participating specialist physician as more particularly set out in Article V, para. (2) (c)—where the annual income of a subscriber without dependents exceeds $7,000.00, or that of a subscriber with dependents including that of all of his dependents exceeds $10,000.00, the participating physician may charge, if he so desires, a fee above the amount assumed by the Corporation under its agreement with him for the rendering of services available hereunder.

IX. SUBSCRIPTION RATES

The Subscriber agrees to pay the Corporation in advance quarterly the subscription rates currently in effect. The Corporation reserves the right to change the rates at the commencement of any agreement month on 30 days' written notice to the Subscriber.

X. IDENTIFICATION

Each subscriber shall be given an Identification Card. This card must be presented to the medical practitioner when service is requested for himself or dependents.

XI. ENROLMENT OF NEW-BORN CHILDREN AND OTHER DEPENDENTS AFTER EFFECTIVE DATE OF AGREEMENT

(1) A new-born child may be enrolled as a dependent by notice in writing to the Corporation, within 15 days after its birth, provided both parents are covered together under this one agreement and when so enrolled the new-born child shall be entitled to the benefits herein provided from the date of its birth.

If the surviving mother of a posthumous child keeps subscription rates paid in advance at the same rate as if both parents were alive and subject to the waiting period hereinbefore set out, the obstetrical benefits of the agreement will be effective.

(2) An adopted child may be enrolled as a dependent by notice in writing to the Corporation, within 15 days after its legal adoption, providing both adopting parents are covered together under this one agreement and when so enrolled the newly adopted child shall be entitled to the benefits herein provided with an effective date of the beginning of the agreement month following legal adoption.

(3) A newly acquired spouse (and stepchild if there be such) may be enrolled as a dependent by notice in writing to the Corporation, within 30 days after the marriage, with an effective date of the beginning of the agreement month following the date of marriage.

(4) Except as aforesaid, a dependent may only be enrolled on a billing date satisfactory to the Corporation and then only if the Subscriber adds all persons who are eligible as his dependents who were not previously covered, and provides the Corporation with such information regarding them as it may require, and the Corporation agrees in writing to such addition. Dependents added under this clause shall be entitled to benefits from the effective date of their enrolment.

(5) On the addition of a dependent the Subscriber shall pay any additional subscription rate that may be applicable.

XII. TERM AND TERMINATION

(1) This agreement shall be in effect for one month from the date on the Subscriber's Identification Card and from month to month thereafter until terminated as hereinafter provided.

(2) Either party may terminate this agreement as of the end of any agreement month by giving to the other 30 days' prior notice in writing to that effect.

(3) Failure to pay the rate at the time provided shall automatically result in termination of this agreement and all benefits thereunder.

(4) Although any dependent child of the Subscriber included under his agreement on marrying or attaining the age of 19 years shall thereupon cease to be included in the term "Dependent" and shall not thereafter be entitled to any benefits under the agreement, if the Subscriber makes application in writing to the Corporation within 30 days after such child ceases to be covered by this agreement, the Corporation may, in its discretion, enter into an agreement for the provision of services to such former dependent.

(5) When this agreement ceases to cover any dependent previously included, the subscription rate shall be appropriately adjusted.

(6) The Corporation may at its option upon the application of any subscriber reinstate his agreement, if terminated under the terms hereof, upon such conditions and at such rates as the Corporation may decide, but the acceptance by the Corporation of any payments for subscription rates after forfeiture or termination of this agreement shall not revive it until the Corporation has agreed in writing so to do, and the payments so accepted shall be held for the credit of the Subscriber until this agreement has been revived and, if it is not revived, it shall be repaid to him.

(7) If the Subscriber should become a member of a group of employees where an enrolled group is effective, he must transfer to such group on proper application to the Corporation and within its regulations and his group agreement will be credited with time earned on waiting periods as applicable.

(8) If payments are made to the Corporation under more than one agreement with it for the provision of benefits to the Subscriber or his dependents, the refund to the Subscriber of the payments made under one of the said agreements for a period up to 6 months as the Corporation in its discretion may decide shall be in full satisfaction of all liability for repayment.

XIII. AGREEMENT NOT ASSIGNABLE

The services provided for as aforesaid are for the personal benefit of the Subscriber and his dependents, if any, and may not be transferred or assigned.

(continued)

TERMS AND CONDITIONS OF ENROLMENT

XIV. MALPRACTICE OR NEGLIGENCE

In the event of a subscriber or a dependent suffering any damage from the malpractice or negligence of any person rendering surgical, obstetrical or medical services to such subscriber or dependent the Subscriber or the dependent concerned must make his claim, if any, against such person and not against the Corporation, and the Subscriber waives any claim he might have against the Corporation in respect of such malpractice or negligence and agrees to indemnify and save it harmless from any such claim that may be made against it by a dependent.

XV. DISPUTES

In the event of any dispute as to whether surgical, obstetrical or medical services required by or rendered to a subscriber or dependent are within the scope of this agreement, such dispute shall be submitted to and determined by the Executive Committee of the Corporation and its decision shall be final and binding upon the Subscriber and his dependent and the participating physician.

XVI. POWER TO APPOINT CONSULTANT

The Subscriber agrees and undertakes to obtain from a dependent when required by the Corporation an agreement that it may, at its own expense, appoint a participating physician to consult with any physician rendering services to the Subscriber or his dependent hereunder, and the rendering of any services under this agreement to the Subscriber or a dependent is conditional upon him permitting such consultation and any examinations that may be reasonably required in connection therewith.

XVII. AUTHORITY FOR USE OF CASE RECORDS

The Subscriber consents and he will if required procure consent from a dependent for the Corporation to obtain from any physician, hospital or nurse taking part in the rendering of any service hereunder to use for statistical, actuarial, scientific or any other reasonable purpose the diagnosis and history of the illness or injury in question and particulars of any treatment rendered in respect of it.

XVIII. RULES

The Subscriber agrees that the Corporation may from time to time adopt such Rules and Regulations as are reasonably necessary to facilitate the provision of the surgical, obstetrical or medical services above mentioned, and he agrees that the rendering of such services shall be subject to the condition that he and his dependents will comply with such Rules and Regulations.

XIX. NO AUTHORITY TO CHANGE AGREEMENT

The Subscriber's Application for Enrolment, his Identification Card and these Terms and Conditions of Enrolment and the Rules and Regulations referred to in Article XVIII constitute the entire agreement between the Subscriber and the Corporation, and no agent, employee or other person is authorized to vary, add to or change the agreement in any particular.

XX. CHANGE OF ADDRESS

The Subscriber will furnish the Corporation promptly with notice in writing over his signature of any change in the address of himself or his dependents.

XXI. NOTICES

(1) Any notice to the Subscriber or a dependent may be given by mailing the same to the address of the Subscriber or dependent, as the case may be, as set out in the application unless notice has been given to the Corporation in writing by registered post of a change thereof, in which event the notice shall be sent to the new address as given.

(2) Notices when given as above provided shall be deemed to have been received by the Subscriber and his dependents at twelve o'clock midnight of the day following the date of the actual mailing thereof.

(3) Any notice to the Corporation may be given by registered post addressed to the Head Office of the Corporation and must be signed by the Subscriber.

(4) The Corporation is not bound to forward to the Subscriber a notice for the payment of his subscription and if it should do so that shall not be construed as binding it to continue the practice or as a waiver of or change in any of these terms and conditions.

XXII. INTERPRETATION

In the event of the Subscriber or a dependent being a female, this agreement shall be read with all appropriate grammatical changes. Time shall be of the essence of this agreement.

XXIII. DATE OF AGREEMENT

The effective date of the agreement shall be the date on the Subscriber's Identification Card.

Form 3-163

These are the Terms and Conditions of your Agreement.

Please read them carefully.

•

Identify yourself as a Subscriber by presenting your Identification Card when service is requested from a Participating Physician.

•

Note: Your Agreement does not include drugs, hospitalization, dentistry, nursing, ambulance service, or mileage or certain other things listed under "Exceptions" in your Agreement.

• • •

A NON-PROFIT PROVINCE-WIDE SERVICE

Sponsored by the
Ontario Medical Association
and the
Physicians of the Province of Ontario

A Province of Ontario Chartered Corporation

NON-GROUP

SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL

PSI

Certificate of Agreement

•

A PERSONAL PROTECTION PLAN

•

Terms and Conditions

PHYSICIANS' SERVICES INCORPORATED
TORONTO 7, ONTARIO

Jan. 1963

PSI *Physicians' Services Incorporated*

* * *

—GROUP—

AGREEMENT

for

EXTENDED HEALTH BENEFITS

THIS IS TO CERTIFY

that in consideration of the application by

.....

hereinafter called the employer and on the prepayment of the current monthly subscription rate by the employer the persons herein described are entitled to participate in the Extended Health Benefits of Physicians' Services Incorporated, hereinafter called the Corporation, in accordance with the terms and conditions hereinafter set forth.

PHYSICIANS' SERVICES INCORPORATED

PHYSICIANS' SERVICES INCORPORATED

General Manager

EHB1-162

Physicians' Services Incorporated

EXTENDED HEALTH BENEFITS PLAN

I. PERSONS ENTITLED TO PARTICIPATE

All employees of the employer and their dependents while enrolled and in good standing in one of the Corporation's basic plans are entitled to participate in the Extended Health Benefits on the terms and conditions herein set out.

II. DEFINITIONS

SUBSCRIBER: the term subscriber means anyone considered as such under the terms and conditions of enrolment of one of the Corporation's basic plans.

DEPENDENT: means anyone who has been accepted as such under one of the Corporation's basic plans.

PARTICIPANT: means any subscriber, or dependent, as defined herein.

BASIC PLANS: means the Group Medical, Surgical and Obstetrical Services Plan (Blue Plan) and the Group Surgical, Obstetrical and Medical Care in Hospital Plan (Brown Plan) as currently issued by the Corporation.

DEDUCTIBLE: deductible is the term applied to the first $50.00 accumulation of reasonable and customary charges, incurred by a participant in any calendar year, and in excess of which Extended Health Benefits become effective as outlined in Article III below.

III. EXTENDED HEALTH BENEFITS

A. Extended Health Benefits means payment of 80% of the excess over $50.00 (deductible) per participant of the reasonable and customary charges or fees incurred and payable for injury to or illness of a participant in any calendar year while this agreement is in force, for the following services and supplies in the area in which they are rendered or provided on condition they are ordered or prescribed by a licensed medical practitioner, namely:

1. The services of a graduate nurse currently registered with the appropriate Provincial Nursing Association, for that period of time recommended by the attending physician, provided the nurse is not an employee of the institution wherein the participant is confined, is not a resident at the participant's home or a member of or related to a member of the participant's family by blood or marriage;

2. Charges for blood and blood products for transfusions when not paid for by any other agency;

3. Charges for drugs and medicines which, by law, must not be sold except on the prescription of a duly licensed medical practitioner;

4. Charges for professional ambulance services for emergency transportation to the nearest hospital able to provide the type of care essential for the patient and which, in the opinion of the Corporation is justified;

5. Charges for treatment by physiotherapists licensed or registered under appropriate Provincial governing bodies, other than one who is a member of or related to a member of the participant's family by blood or marriage;

6. Charges for prosthetic appliances, crutches, splints, casts, trusses, braces, oxygen and rental of equipment for administration thereof; rental of wheel chair, iron lung and hospital type bed; not to include artificial teeth (except as provided in Para. 7 of this article), hearing aids or eye glasses;

7. The services of a duly licensed dental practitioner for necessary dental treatment required as the result of an accident including the provision of up to one set of artificial teeth when natural teeth have been damaged; or for necessary dental treatment (not including artificial teeth) as the result of an accident involving a fractured or dislocated jaw, provided that all such treatment is rendered within 90 days from the date of the accident;

8. Laboratory tests when carried out on the written order of a duly licensed medical practitioner by a hospital or government laboratory or by a laboratory which in the opinion of the Corporation is qualified to make such tests and which tests in the opinion of the Corporation do not constitute the personal services of a licensed medical practitioner in the private practice of medicine;

9. Where a participant, on the written authorization of a licensed medical practitioner, is provided with room, board and normal nursing care in a licensed private hospital (other than a home for the aged), which is licensed by the O.H.S.C. and is under the supervision of a registered nurse or a licensed medical practitioner, the Corporation will pay the charge of such licensed hospital for such services up to not more than $10.00 per day but will not pay for more than 120 days and when such maximum of 120 days has been reached, this benefit shall be no longer available to the participant and any claims paid by the Corporation for the above care on any previous agreement will be applied in arriving at this maximum.

B. 1. Provided this agreement has been in force expenses incurred during the last three months of a calendar year, and which have not been used to satisfy a deductible or included as part of a previous claim against the Corporation, may be included as part of the $50.00 deductible in the immediately following calendar year.

2. Subject to the articles covering Term and Termination, the total payments hereunder to a participant shall not exceed a maximum of $5000.00 during the entire period of this agreement, and any claims paid by the Corporation on any previous Extended Health Benefits Agreement will be applied in arriving at this maximum. However, where the Corporation has paid not less than the sum of $1000.00 on account of the claims of a participant he may apply to the Corporation for reinstatement of the full maximum but reinstatement shall be at the entire discretion of the Corporation.

3. There shall not be more than three deductibles for any one subscriber and all of his dependents in any calendar year.

4. When a subscriber and one or more of his dependents or two or more dependents of the same subscriber are injured in the same accident, only one deductible shall apply for the services and supplies provided and the limitation placed on the maximum deductibles as set forth in paragraph III, B, 3 above shall be reduced by one deductible in respect of every such accident.

5. The Corporation may at its option pay the amount of its liability for services or supplies to the subscriber or to the hospital, nurse, or other party rendering or providing them.

6. Where the participant in pursuing a claim against a third party as he is required to do under his basic coverage, also recovers for the whole or part of the monies paid or payable by the Corporation under the Extended Health Benefits agreement, he will pay the same to the Corporation.

IV. EXCLUSIONS

None of the following are included in the above benefits:—

1. Benefits in respect of any injury, illness or condition which entitles the participant to compensation or care or treatment in respect thereof under the Hospital Services Commission Act or the Workmen's Compensation Act of Ontario or under any legislation relating to Government Hospitalization or to compensation for injuries or diseases arising in the course of employment or applicable to persons who have served in the armed forces or to classes of persons given similar special protection;

2. Benefits when the participant is a patient under the care of a sanatorium, institution, or special hospital for tuberculosis, mental illness or disease, alcoholism, epilepsy, or as a drug addict, or when the participant should properly be such a patient;

3. Dental treatment except as outlined in the above benefits:

4. Eye glasses and hearing aids or examinations for the prescription or fitting thereof, dentures, (except as expressly provided), rest cures, travel for health or health examinations of any kind;

5. Services of physicians and surgeons (medical practitioners) or any person who renders a professional health service except as herein expressly provided;

6. In no event will the eligible charges include charges for services, treatments or supplies which are not reasonably necessary for the care and treatment of the injury or illness, nor will charges for any services, treatments or supplies be included in excess of reasonable and customary charges therefor or which would not be incurred except for the existence of this agreement. A customary charge means the usual charge for rendering or furnishing the services, treatments or supplies; but in no event will it mean a charge in excess of the general level of charges made by others rendering or furnishing such services, treatments or supplies within the area in which the charge is incurred, for illnesses or conditions comparable in severity and nature to the illness or condition being treated. The term "area" referred to above, as it would apply to any particular service, treatment or supply, means such area as is necessary to obtain a representative cross section of persons, groups or other entities rendering or furnishing such service, treatment or supply;

7. Charges incurred in connection with a condition due to an act of war, riot or insurrection including but not limited to, any war declared or undeclared, and armed aggression resisted by the armed forces of any country, combination of countries or international organizations.

V. TERM AND TERMINATION

Notwithstanding any provision of the basic plan:—

A. This agreement shall be terminated:—

1. Automatically upon default in payment of monthly subscription rates;

2. When at any time the number of employees in the group covered under this agreement shall be less than 75% of the eligible employees, or if 75% of the employees in the group with dependents eligible to become covered under this agreement do not elect and maintain coverage for such dependents under this agreement, the Corporation shall have the right to terminate this agreement as of the first of any agreement month by giving 30 days' prior written notice to the group;

3. When the coverage provided by this agreement is replaced by the employer or otherwise in whole or in part by some other arrangement, this agreement shall be automatically terminated as of the date to which the subscriptions have been paid and the Corporation

shall be immediately relieved of all liability for benefit expenses incurred after the date of such termination;

4. By either party giving to the other 30 days' prior notice in writing to that effect.

B. This agreement shall terminate for the participant:—

1. When his basic agreement is terminated;

2. When the employee leaves the group on the termination of full-time employment;

3. When, for any reason, the employee's monthly subscription rate has not been paid;

4. As a dependent child of the employee included under this agreement when such dependent child marries or attains the age of 19 years;

5. When the total allowances set forth under the benefit shall have become payable hereunder. However, if termination as set forth in this paragraph affects only the employee, benefits for his dependents shall not be affected and may continue subject to payment of family rate until otherwise terminated in accordance with the provisions of this agreement.

C. Privileges on termination

1. If an employee who is enrolled for these Extended Health Benefits leaves his group, he may apply to the Corporation in writing within 30 days of his leaving for a modified Pay Direct agreement covering Extended Health Benefits upon such conditions and at such rates as the Corporation may decide.

2. Where a dependent child of a subscriber who is a participant marries or attains the age of 19 years, the subscriber may make application in writing to the Corporation within 30 days after such child ceases to be covered by this agreement, for a modified Pay Direct agreement covering Extended Health Benefits upon such conditions and at such rates as the Corporation may decide.

VI. PARTICIPANT'S OBLIGATIONS IN RESPECT OF SUBMISSION OF CLAIMS

It is a condition for payment of claims under this agreement that the participant shall submit details of the accumulation of his $50.00 (deductible) as described in Article III, on forms provided by the Corporation, within 60 days of the date the accumulation reached $50.00 (deductible), and on the participant thereby establishing a claims basis the Corporation will advise the participant of the method of submitting claims for the remainder of the calendar year.

Failure to submit claims in accordance with the above provision shall not invalidate any claim if the claim has been filed as soon as reasonably possible.

No action may be brought against the Corporation for any claim hereunder unless brought within one year from the date the liability was incurred.

VII. BENEFITS AND RIGHTS NOT ASSIGNABLE

The benefits and rights of participants under this agreement are not assignable and no assignment by a participant whether of the rights to benefits hereunder or of the right to payment of an allowance hereunder shall be binding upon the Corporation.

VIII. WAIVER OF LIABILITY

In the event of a participant suffering any damage from the malpractice or negligence of any person or supplier rendering services hereunder to such participant, the participant concerned must make his claim if any, against such person or supplier and not against the Corporation, and the participant waives any claim he might have against the Corporation in respect of such malpractice or negligence and agrees to indemnify and save it harmless from any such claim that may be made against it.

IX. DISPUTES

In the event of any dispute as to whether the services or supplies hereunder required by or rendered to a participant are within the scope of this agreement, such dispute shall be submitted to and determined by the Executive Committee of the Corporation and its decision shall be final and binding.

X. RULES AND REGULATIONS

The employer agrees that the Corporation may from time to time adopt such rules and regulations as are reasonably necessary to facilitate the provision of the benefits above mentioned, and the provision of such benefits shall be conditional upon the participants complying with such rules and regulations.

XI. PERSONNEL RECORDS

The employer agrees to furnish to the Corporation, during the period of this agreement, such information as may reasonably be required by the Corporation for the purposes of this agreement.

XII. NOTICES

1. Any notice given hereunder shall be sufficient if given by the Corporation to the address of the employer as set out in the application unless notice has been given to the Corporation in writing by registered post of a change thereof, in which event the notice shall be sent to the new address as given.

2. Any notice to the Corporation may be given by registered post addressed to the Head Office of the Corporation and must be signed by the employer.

XIII. INTERPRETATION

In the event of the subscriber or a participant being a female, this agreement shall be read with all appropriate grammatical changes.

Time shall be of the essence of this agreement.

EXHIBIT "E"

PSI *Physicians' Services Incorporated*

Name of Company_____

Address_____

Total No. of Permanent Employees (a) Single_____ (b) Married_____

Total No. of Permanent Employees Enrolled (a) Single_____ (b) Married_____

Percentage Enrolled_____

Total Number of employees enrolled in another group, through husband or wife who do not wish to transfer?___.

This Company has decided to implement your Extended Health Benefits Plan for its eligible employees and we hereby make application for you to arrange to have this done.

We understand that 75% of our eligible employees must enrol to make this plan effective and that these employees must be enrolled in our basic group plan with Physicians' Services Incorporated. We further understand that 75% of all eligible dependents must be included as part of the underwriting requirement. We have contacted our employees and at least 75% of them have indicated to us that they wish this coverage. Attached is a list of those employees enrolled in your basic plan who do not wish this coverage. We certify that all of our employees wishing to enrol in this plan are currently full-time employees and that there are no pensioners or part-time employees included.

We understand that this plan can be made effective on_____and the monthly rates will be 45¢ for a single employee and $1.35 for a family employee.

It is agreed that a prepaid deduction will be made from the payrolls of those employees enrolled (unless paid directly as Company contribution) and that the full billing amount will be remitted to P.S.I. monthly in advance on a prepaid basis. We are also in agreement that the Company will assist its employees in the submission of claims and understand that you will give us a supply of claim forms for this purpose. The master agreement in our files will be available for the scrutiny of an employee if he so requests.

We have read and agree to the terms and conditions set forth in your Group Agreement for Extended Health Benefits.

Name of Company_____

Per_____

Title of Above Official_____

Date_____

EXHIBIT "F"

Physicians' Services Incorporated

PSI

—PAY DIRECT— AGREEMENT

for

EXTENDED HEALTH BENEFITS

THIS IS TO CERTIFY

that in consideration of the prepayment of the current subscription rate by the Subscriber the persons herein described are entitled to participate in the Extended Health Benefits of Physicians' Services Incorporated, hereinafter called the Corporation, in accordance with the terms and conditions hereinafter set forth.

PHYSICIANS' SERVICES INCORPORATED

PHYSICIANS' SERVICES INCORPORATED

General Manager

EHB7-362

Physicians' Services Incorporated

EXTENDED HEALTH BENEFITS PLAN

I. PERSONS ENTITLED TO PARTICIPATE

The Subscriber and all his dependents while enrolled and in good standing in one of the Corporation's basic plans are entitled to participate in the Extended Health Benefits on the terms and conditions herein set out.

II. DEFINITIONS

SUBSCRIBER: the term subscriber means anyone considered as such under the terms and conditions of enrolment of one of the Corporation's basic plans.

DEPENDENT: means anyone who has been accepted as such under one of the Corporation's basic plans.

PARTICIPANT: means any subscriber, or dependent, as defined herein.

BASIC PLANS: means the Group Medical, Surgical and Obstetrical Services Plan (Blue Plan) and the Group Surgical, Obstetrical and Medical Care in Hospital Plan (Brown Plan) as currently issued by the Corporation.

DEDUCTIBLE: deductible is the term applied to the first $100.00 accumulation of reasonable and customary charges, incurred by a participant in any calendar year, and in excess of which Extended Health Benefits become effective as outlined in Article III below.

III. EXTENDED HEALTH BENEFITS

A. Extended Health Benefits means payment of 80% of the excess over $100.00 (deductible) per participant of the reasonable and customary charges or fees incurred and payable for injury to or illness of a participant in any calendar year while this agreement is in force, for the following services and supplies in the area in which they are rendered or provided on condition they are ordered or prescribed by a licensed medical practitioner, namely:

1. The services of a graduate nurse currently registered with the appropriate Provincial Nursing Association, for that period of time recommended by the attending physician, provided the nurse is not an employee of the institution wherein the participant is confined, is not a resident at the participant's home or a member of or related to a member of the participant's family by blood or marriage;

2. Charges for blood and blood products for transfusions when not paid for by any other agency;

3. Charges for drugs and medicines which, by law, must not be sold except on the prescription of a duly licensed medical practitioner;

4. Charges for professional ambulance services for emergency transportation to the nearest hospital able to provide the type of care essential for the patient and which, in the opinion of the Corporation is justified;

5. Charges for treatment by physiotherapists licensed or registered under appropriate Provincial governing bodies, other than one who is a member of or related to a member of the participant's family by blood or marriage;

6. Charges for prosthetic appliances, crutches, splints, casts, trusses, braces, oxygen and rental of equipment for administration thereof; rental of wheel chair, iron lung and hospital type bed; not to include artificial teeth (except as provided in Para. 7 of this article), hearing aids or eye glasses;

7. The services of a duly licensed dental practitioner for necessary dental treatment required as the result of an accident including the provision of up to one set of artificial teeth when natural teeth have been damaged; or for necessary dental treatment (not including artificial teeth) as the result of an accident involving a fractured or dislocated jaw, provided that all such treatment is rendered within 90 days from the date of the accident;

8. Laboratory tests when carried out on the written order of a duly licensed medical practitioner by a hospital or government laboratory or by a laboratory which in the opinion of the Corporation is qualified to make such tests and which tests in the opinion of the Corporation do not constitute the personal services of a licensed medical practitioner in the private practice of medicine;

9. Where a participant, on the written authori-

zation of a licensed medical practitioner, is provided with room, board and normal nursing care in a licensed private hospital (other than a home for the aged), which is licensed by the O.H.S.C. and is under the supervision of a registered nurse or a licensed medical practitioner, the Corporation will pay the charge of such licensed hospital for such services up to not more than $10.00 per day but will not pay for more than 120 days and when such maximum of 120 days has been reached, this benefit shall be no longer available to the participant and any claims paid by the Corporation for the above care on any previous agreement will be applied in arriving at this maximum.

B. 1. Provided this agreement has been in force expenses incurred during the last three months of a calendar year, and which have not been used to satisfy a deductible or included as part of a previous claim aginst the Corporation, may be included as part of the $100.00 deductible in the immediately following calendar year;

2. Subject to the articles covering Term and Termination, the total payments hereunder to a participant shall not exceed a maximum of $5000.00 during the entire period of this agreement, and any claims paid by the Corporation on any previous Extended Health Benefits Agreement will be applied in arriving at this maximum. However, where the Corporation has paid not less than the sum of $1000.00 on account of the claims of a participant he may apply to the Corporation for reinstatement of the full maximum but reinstatement shall be at the entire discretion of the Corporation;

3. There shall not be more than three deductibles for any one subscriber and all of his dependents in any calendar year;

4. When a subscriber and one or more of his dependents or two or more dependents of the same subscriber are injured in the same accident, only one deductible shall apply for the services and supplies provided and the limitation placed on the maximum deductibles as set forth in paragraph III, B, 3 above shall be reduced by one deductible in respect of every such accident;

5. The Corporation may at its option pay the amount of its liability for services or supplies to the Subscriber or to the hospital, nurse, or other party rendering or providing them;

6. Where the participant in pursuing a claim against a third party as he is required to do under his basic coverage, also recovers for the whole or part of the monies paid or payable by the Corporation under the Extended Health Benefits agreement, he will pay the same to the Corporation.

IV. EXCLUSIONS

None of the following are included in the above benefits:—

1. Benefits in respect of any injury, illness or condition which entitles the participant to compensation or care or treatment in respect thereof under the Hospital Services Commission Act or the Workmen's Compensation Act of Ontario or under any legislation relating to Government Hospitalization or to compensation for injuries or diseases arising in the course of employment or applicable to persons who have served in the armed forces or to classes of persons given similar special protection;

2. Benefits when the participant is a patient under the care of a sanatorium, institution, or special hospital for tuberculosis, mental illness or disease, alcoholism, epilepsy, or as a drug addict, or when the participant should properly be such a patient;

3. Dental treatment except as outlined in the above benefits;

4. Eye glasses and hearing aids or examinations for the prescription or fitting thereof, dentures, (except as expressly provided), rest cures, travel for health or health examinations of any kind;

5. Services of physicians and surgeons (medical practitioners) or any person who renders a professional health service except as herein expressly provided;

6. In no event will the eligible charges include charges for services, treatments or supplies which are not reasonably necessary for the care and treatment of the injury or illness, nor will charges for any services, treatments or supplies be included in excess of reasonable and customary charges therefor or which would not be incurred except for the existence of this agreement. A customary charge means the usual charge for rendering or furnishing the services, treatments or supplies; but in no event will it mean a charge in excess of the general level of charges made by others rendering or furnishing such services, treatments or supplies within the area in which the charge is incurred, for illnesses or conditions comparable in severity and nature to the illness or condition being treated. The term "area" referred to above, as it would apply to any

particular service, treatment or supply, means such area as is necessary to obtain a representative cross section of persons, groups or other entities rendering or furnishing such service, treatment or supply;

7. Charges incurred in connection with a condition due to an act of war, riot or insurrection including but not limited to, any war declared or undeclared, and armed aggression resisted by the armed forces of any country, combination of countries or international organizations.

V. TERM AND TERMINATION

Notwithstanding any provision of the basic plan:—

This agreement shall be terminated:—

1. Automatically upon default in payment of subscription rates;

2. By either party giving to the other 30 days' prior notice in writing to that effect;

3. When the basic agreement is terminated;

4. As a dependent child of the Subscriber included under this agreement when such dependent child marries or attains the age of 19 years; however, where a dependent child of a subscriber who is a participant marries or attains the age of 19 years, the Subscriber may make application in writing to the Corporation within 30 days after such child ceases to be covered by this agreement, for a Pay Direct agreement covering Extended Health Benefits upon such conditions and at such rates as the Corporation may decide.

5. When the total allowances set forth under the benefits shall have become payable hereunder. However, if termination as set forth in this paragraph affects only the Subscriber, benefits for his dependents shall not be affected and may continue subject to payment of family rate until otherwise terminated in accordance with the provisions of this agreement.

VI. PARTICIPANT'S OBLIGATIONS IN RESPECT OF SUBMISSION OF CLAIMS

It is a condition for payment of claims under this agreement that the participant shall submit details of the accumulation of his $100.00 (deductible) as described in Article III, on forms provided by the Corporation, within 60 days of the date the accumulation reached $100.00 (deductible), and on the participant thereby establishing a claims basis the Corporation will advise the participant of the method of submitting claims for the remainder of the calendar year.

Failure to submit claims in accordance with the above provision shall not invalidate any claim if the claim has been filed as soon as reasonably possible.

No action may be brought against the Corporation for any claim hereunder unless brought within one year from the date the liability was incurred.

VII. BENEFITS AND RIGHTS NOT ASSIGNABLE

The benefits and rights of participants under this agreement are not assignable and no assignment by a participant whether of the rights to benefits hereunder or of the right to payment of an allowance hereunder shall be binding upon the Corporation.

VIII. WAIVER OF LIABILITY

In the event of a participant suffering any damage from the malpractice or negligence of any person or supplier rendering services hereunder to such participant, the participant concerned must make his claim if any, against such person or supplier and not against the Corporation, and the participant waives any claim he might have against the Corporation in respect of such malpractice or negligence and agrees to indemnify and save it harmless from any such claim that may be made against it.

IX. DISPUTES

In the event of any dispute as to whether the services or supplies hereunder required by or rendered to a participant are within the scope of this agreement, such dispute shall be submitted to and determined by the Executive Committee of the Corporation and its decision shall be final and binding.

X. RULES AND REGULATIONS

The Subscriber agrees that the Corporation may from time to time adopt such rules and regulations as are reasonably necessary to facilitate the provision of the benefits above mentioned, and the provision of such benefits shall be conditional upon the participants complying with such rules and regulations.

XI. NOTICES

Any notice given hereunder shall be sufficient if given in the manner provided in the basic agreement.

XII. INTERPRETATION

In the event of the Subscriber or a participant being a female, this agreement shall be read with all appropriate grammatical changes.

Time shall be of the essence of this agreement.

EXHIBIT "F"

PHYSICIANS' SERVICES INCORPORATED

Agreement

The undersigned Physician agrees as a Participating Physician with PHYSICIANS' SERVICES INCORPORATED, herein referred to as "the Corporation", to provide to Subscribers of the Corporation services as

☐ **General Physician**

☐ **Specialist** ..... (State certificated specialty)

subject to the terms and conditions herein set forth.

Agreement No. ..... **Effective Date** .....

PHYSICIANS' SERVICES INCORPORATED

..... President

..... General Manager

..... Participating Physician

..... Address

TERMS AND CONDITIONS
OF PARTICIPATING PHYSICIANS' AGREEMENT

I. DEFINITIONS

(1) "Subscriber" shall mean any person who is entitled to receive medical, surgical or obstetrical services from a Participating Physician under an agreement with the Corporation, and "Subscribers" shall have a corresponding meaning.

(2) "Participating Physician" shall mean any doctor of medicine licensed under The Medical Act of Ontario, or such similar statute as may govern the practice of medicine in any other Province, with whom the Corporation has an agreement for providing medical, surgical or obstetrical services to Subscribers.

(3) "General Physician" shall mean a Participating Physician with whom the Corporation has an agreement for providing medical, surgical or obstetrical services to Subscribers as a General Physician.

(4) "Specialist" shall mean a Participating Physician who has been CERTIFICATED in a Specialty and who is registered as a Specialist with the College of Physicians and Surgeons of Ontario and with whom the Corporation has an agreement for providing medical, surgical or obstetrical services to its Subscribers as a CERTIFICATED SPECIALIST.

II. TERM

This agreement shall be for the term of one year from the effective date hereof and from year to year thereafter until terminated in accordance with the provisions hereinafter set out. Either party may cancel the agreement in case of default of the other on ten days' notice in writing to the other stating the particulars of such default, unless such default is cured in the meantime. Either party may cancel this agreement as of the end of any contract year on one month's notice in writing to the other.

III. ALL DOCTORS OF MEDICINE MAY BECOME PARTICIPATING PHYSICIANS

Every doctor of medicine duly registered under The Medical Act of Ontario or registered or licensed in any other Province under a similar statute may become a Participating Physician and provide medical, surgical and obstetrical services to Subscribers upon entering into an agreement with the Corporation for such purpose.

IV. COMPENSATION TO PARTICIPATING PHYSICIANS

(1) Schedule of Fees and Charges

(a) The basis of compensation for Participating Physicians for the services rendered by them to Subscribers shall be the most recent revised schedule of minimum fees as set by The Ontario Medical Association and as approved by the Corporation.

(b) For any procedures not covered in the aforesaid schedule of fees and charges and for services in any complicated or prolonged illnesses the fees shall be fixed by the Corporation.

(c) Where more than one operative procedure is performed in the course of an abdominal operation or on any one organ, the fee approved for payment will be that which covers the main operative procedure.

(d) Any requests from Participating Physicians for a revision in the schedule of fees and charges will be condensed and formally passed to the Tariff Committee of The Ontario Medical Association with the considered recommendation of the Corporation.

(2) Method of reviewing and approving Accounts

(a) The Board of Governors of the Corporation will whenever reasonably possible organize Branches of the Corporation for the Participating Physicians in the section of the Province where it enrolls Subscribers. Each Branch shall be supervised by an Executive and the majority of the members of the Executive shall be medical members elected by the members of the Branch.

(b) The Physician agrees to become a member of the Branch, if any, of the Corporation having jurisdiction at his office address and to submit his accounts for services rendered to Subscribers with reports of the condition for which services were rendered, on forms provided by the Corporation, to the Branch Executive for review and approval, if the Corporation directs. If no Branch exists at his office address the above-mentioned accounts and reports shall be submitted to the Head Office of the Corporation, for review and approval.

(3) Payment of Fees and Charges

(a) The Corporation may set up from its collections from Subscribers such reserves from time to time as it considers desirable for carrying on its operations and for making available the services of Participating Physicians to Subscribers and for protecting its obligations to Participating Physicians, and for redeeming its commitments for money borrowed for organization expenses.

(b) Out of the total payments made by Subscribers the Corporation shall set aside such amounts as it considers necessary to pay for current operating expenses and to provide the aforesaid reserves. The balance remaining shall be set aside and made available for the payment of accounts as approved for services rendered and distribution shall be made in accordance with the following formula:—

The cash value of a unit of a Participating Physician's account shall be determined by dividing into the total sum available for payment as at the end of the total number of dollar units of approved accounts for services rendered; payment of the cash value of the approved accounts shall then be made, but in no case at an amount in excess of the sum of $1.00 for each dollar unit.

(c) In the event of the cash value of the unit not being equal to $1.00, the difference between the cash value and $1.00 for each unit shall be deemed to be an unpaid balance. Such unpaid balance shall be paid out of any surpluses which may be released for that purpose by the Corporation and each Participating Physician shall be entitled to share in surpluses so released in the proportion that the unpaid balance due him on his approved accounts bears to the total unpaid balance due on all approved accounts.

(d) Unpaid balances of approved accounts shall constitute a charge against any surplus funds available for payment to Participating Physicians at the termination of the fiscal year during which the services covered by such accounts were rendered.

(e) The Board of Governors of the Corporation may, by resolution approved by two-thirds of the members of the Board, cancel such unpaid balances as have been outstanding for more than twelve months, and the Corporation shall thereafter cease to be liable in respect thereof.

(f) Except as may be otherwise provided in agreements with Subscribers and in these Terms and Conditions, a Participating Physician rendering services to a Subscriber which such Subscriber is entitled to receive under an agreement with the Corporation, shall not be entitled to make any charge to such Subscriber in respect thereof, and such Participating Physician shall accept payment from this Corporation in the manner herein provided as full and final payment for such services.

(4) Time for rendering of Participating Physicians' Bills

In order to facilitate a prompt method of payment of approved accounts of Participating Physicians, the Physician agrees to file with the Corporation all reports of all care and services provided by himself to Subscribers during any calendar month, together with the charges therefor, before the tenth day of the following month. The reports shall be submitted in the manner required on forms furnished by the Corporation.

(5) Accounts received late

In order that payments may be made on Participating Physicians' accounts in an equitable manner, where accounts for medical, surgical or obstetrical care of patients are rendered late, that is after the tenth day of the month following the calendar month in which the services were rendered, the Corporation will withhold payment on such late accounts at the discretion of the Executive Committee of its Board of Governors for any period up to six months, and it may deduct five per cent. of each late account as liquidated damages for late filing.

V. RELATION OF PARTICIPATING PHYSICIANS AND SUBSCRIBERS

(1) A Subscriber shall have the right to select his or her General Physician and to discharge said Physician; and a General Physician shall have the right to decline to provide services to any Subscriber in accordance with the custom and practice now prevailing in the private practice of medicine. Nothing contained in the Corporation's plans for providing service to Subscribers shall interfere with the ordinary relationship that exists between a doctor of medicine and his patient, including the liability for malpractice.

(2) The services of a Specialist for consultation, treatment or surgery where a Subscriber is entitled thereto shall be made available to a Subscriber upon the advice of the Subscriber's General Physician. Thereupon the Specialist shall be selected by such General Physician and the Subscriber, with the consent of the Specialist, in the same manner as now prevails in the private practice of medicine.

(3) In cases where the services of a "Specialist" have been engaged directly by the Subscriber, the Corporation shall accept for payment in the manner hereinbefore provided the Specialist's fees for those procedures to which the Subscriber is entitled, which aid in diagnosis, based on the most recent revised schedule of minimum fees as set by The Ontario Medical Association and as approved by the Corporation; and his fees for subsequent operative procedures based on the aforesaid minimum schedule, providing always that all services rendered are for a condition which, in the opinion of the Board of Governors, falls within the scope of the specialty in which the said Specialist has been certificated.

(4) The Corporation may on its own initiative appoint a Participating Physician to consult with any Physician rendering services to a Subscriber or Dependent and the attending Participating Physician will permit such consultation and any examination that may be reasonably required in connection therewith, but the Corporation will pay the fees of such Consultant.

(5) Unless otherwise provided in the Subscriber's agreement with the Corporation, where authorization by the Corporation is required for any services, such authorization need not be obtained in advance and it will be given by the Corporation after the event unless the rendering of the service by the Physician amounts to a breach of the ethics of the Profession or is considered by the Board of Governors to be a gross abuse of the privilege of rendering services without previous authorization.

VI. BENEFITS TO SUBSCRIBERS

(1) Identification of Subscriber

In seeking services from Participating Physicians Subscribers are obliged to produce an Identification Card which indicates the type of agreement made between a Subscriber and the Corporation.

(2) The benefits which Subscribers are entitled to receive and the exceptions and the exclusions therefrom, as well as the extent and duration of such benefits, are fully set forth in the Subscribers' agreement. Copies of such Subscribers' agreements shall be furnished to Participating Physicians.

VII. TERMINATION OF SUBSCRIBER'S AGREEMENT

No Subscriber is entitled to services if his agreement with the Corporation has lapsed or been terminated in accordance with the provisions to that effect set out in it. Default in payment of the monthly subscription rate automatically terminates the Subscriber's agreement.

VIII. ASSIGNMENT

This agreement and the benefits hereunder are personal to the Participating Physician and are not assignable by him.

IX. INVESTIGATION BY BRANCH EXECUTIVE

The medical members of a Branch Executive shall, at the request of the Board of Governors, investigate and report to it upon any complaint regarding the conduct of any Participating Physician, in the Branch area which has to do with his carrying out or neglect to carry out his obligations to the Corporation or the Subscribers.

X. COMPLAINTS AND CONTROVERSIES RE PAYMENT OF ACCOUNTS OR SERVICES RENDERED

(a) The Executive Committee of the Corporation shall be a Board of Review and act as a final appellate tribunal in respect of the reasonableness or propriety of the fees charged by a Participating Physician and as to whether or not the services rendered came within those provided under the Subscriber's agreement, and the Participating Physician agrees to be bound by its decision in such matters.

(b) In the event of the said Executive Committee finding that a Participating Physician has been guilty of a breach of his obligations to the Corporation or its Subscribers the Board of Governors may cancel this agreement, but, if such Physician so desires, he may on thirty days' notice in writing appeal to the House of Delegates, at its next meeting after such notice, and it may, if it so decides, revive his agreement with the Corporation from the date of such meeting or such later date as it may decide.

XI. MISCELLANEOUS

(1) The Board of Governors may adopt such rules as it may deem necessary, expedient or proper to facilitate the carrying out of this agreement.

(2) The decision of the Board of Governors as to the correct interpretation of these Terms and Conditions shall be final and binding upon Participating Physicians.

(3) Notice may be given to the Corporation by sending the same by prepaid registered post to its Head Office address; and to the Physician, by prepaid registered post to the address given on his agreement unless he has given the Corporation notice in writing of a new address, in which event it shall be sent to such new address.

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SURGICAL OBSTETRICAL & MEDICAL CARE IN HOSPITAL AGREEMENT

CLOCK NO. SECTION NO. NAME

THIS IS TO CERTIFY THAT THE ABOVE NAMED SUBSCRIBER AND DEPENDENTS, IF ANY, AS LISTED ON HIS APPLICATION ARE ENTITLED TO THE BENEFITS OF THE SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH THEREIN PROVIDED HE IS IN GOOD STANDING THEREUNDER AND HAS SIGNED THIS CARD.

PHYSICIANS' SERVICES INCORPORATED

NOT TRANSFERABLE

GENERAL MANAGER

PHYSICIANS' SERVICES INCORPORATED IDENTIFICATION CARD

TORONTO, ONT.

AGREEMENT NUMBER GROUP NUMBER EFFECTIVE DATE DAY MONTH YEAR

I AM THE SUBSCRIBER NAMED HEREIN. I HAVE RECEIVED AND READ A COPY OF THE TERMS AND CONDITIONS OF ENROLMENT TO ALL OF WHICH I AGREE.

SIGNATURE OF SUBSCRIBER

NOT VALID UNLESS SIGNED BY THE SUBSCRIBER TO WHOM ISSUED

(PLEASE SEE REVERSE SIDE)

MEDICAL SURGICAL & OBSTETRICAL AGREEMENT

CLOCK NO. SECTION NO. NAME

THIS IS TO CERTIFY THAT THE ABOVE NAMED SUBSCRIBER AND DEPENDENTS, IF ANY, AS LISTED ON HIS APPLICATION ARE ENTITLED TO THE BENEFITS OF THE MEDICAL ,SURGICAL & OBSTETRICAL AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH THEREIN PROVIDED HE IS IN GOOD STANDING THEREUNDER AND HAS SIGNED THIS CARD.

PHYSICIANS' SERVICES INCORPORATED

NOT TRANSFERABLE

GENERAL MANAGER

PHYSICIANS' SERVICES INCORPORATED IDENTIFICATION CARD

TORONTO, ONT.

AGREEMENT NUMBER GROUP NUMBER EFFECTIVE DATE DAY MONTH YEAR

I AM THE SUBSCRIBER NAMED HEREIN. I HAVE RECEIVED AND READ A COPY OF THE TERMS AND CONDITIONS OF ENROLMENT TO ALL OF WHICH I AGREE.

SIGNATURE OF SUBSCRIBER

NOT VALID UNLESS SIGNED BY THE SUBSCRIBER TO WHOM ISSUED

(PLEASE SEE REVERSE SIDE)

NON GROUP

SURGICAL OBSTETRICAL & MEDICAL CARE IN HOSPITAL AGREEMENT

THIS IS TO CERTIFY THAT THE ABOVE NAMED SUBSCRIBER AND DEPENDENTS, IF ANY, AS LISTED ON HIS APPLICATION ARE ENTITLED TO THE BENEFITS OF THE NON GROUP SURGICAL, OBSTETRICAL AND MEDICAL CARE IN HOSPITAL AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH THEREIN PROVIDED HE IS IN GOOD STANDING THEREUNDER AND HAS SIGNED THIS CARD.

PHYSICIANS' SERVICES INCORPORATED

NOT TRANSFERABLE

GENERAL MANAGER

PHYSICIANS' SERVICES INCORPORATED IDENTIFICATION CARD

TORONTO, ONT.

AGREEMENT NUMBER NON GROUP EFFECTIVE DATE DAY MONTH YEAR

I AM THE SUBSCRIBER NAMED HEREIN. I HAVE RECEIVED AND READ A COPY OF THE TERMS AND CONDITIONS OF ENROLMENT TO ALL OF WHICH I AGREE.

SIGNATURE OF SUBSCRIBER

NOT VALID UNLESS SIGNED BY THE SUBSCRIBER TO WHOM ISSUED

(PLEASE SEE REVERSE SIDE)